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# ***JPRS Report***

## **Soviet Union**

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**WORLD ECONOMY &  
INTERNATIONAL RELATIONS**

No 7, JULY 1987

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## SOVIET UNION WORLD ECONOMY & INTERNATIONAL RELATIONS

No 7, July 1987

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## ENGLISH SUMMARY OF MAJOR ARTICLES

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 7, Jul 87 (signed to press 15 Jun 87) pp 158-159

[Text] A. Likhotal in the article "The European Scene" raises a large range of problems dealing with a situation of exceptional importance both from the military and political points of view, taking shape in Europe due to the set of latest Soviet initiatives, aimed at lowering the level of military confrontation on the continent. Manifesting its ability to hearken to the voice of European and world public opinion, to reach an understanding of the interests and worries of other peoples without separating its own security from that of Europea as a whole, these initiatives have become a concrete application of new thinking to the European realities. Under new conditions the ruling circles of the leading West European countries faced a choice: either to raise to an understanding of the common responsibility for the fates of Europe or to testify their own political bankruptcy. Examining the main factors forming the approaches of Western Europe to security problems the author believes that political, economic and intellectual potential capable of shaping the required decisions for building credible safeguards, preserving peace and excluding the very possibility of war ought to become the true source of power in a nuclear age. Meanwhile, the ruling circles of the leading West-European countries, refusing to part with their stereotype of pre-nuclear mentality, support the hypertrophied importance of the factor of military power. As a result the real importance is devaluating those very elements of the political forces leaning upon which Western Europe could fully realise its potential on the international arena.

V. Leshke and I. Tselishtchev "Military Industrial Complex in Japan: Peculiarities of Its Formation". The article points out that as compared with other large capitalist countries the process of shaping of military industrial complexes (MIC) is of a more complicated and controversial nature. Much space is given in the article to show that after World War II the development of ties between the monopolies and the state in the military sphere took place in the country in specific conditions, resulting from the defeat of militarism that has largely determined the economic and socio-political situation in the country. Apart from the Article 9 of the Constitution of Japan there still remain in force some political restrictions, concerning the stepping up of the scale and tempo of military power, the scope and nature of the production of arms, their export, the role and place of the military establishment in the

political life. The authors stress that the specific character of the economic development strategy have predetermined the comparative narrowness of the internal and external arms market and relatively not high level of military research and development. As a result the MIC in Japan has developed and is still developing in comparison with most of the leading capitalist countries, significantly slower. The authors confirm that at present a group of private companies, continually concerned with military build up has emerged. Attention is drawn to growing contacts between political and business circles in the military field. The shaping of a regular military bureaucracy is gaining momentum. Political leaders, State officials and functionaries of the ruling Liberal Democratic party, engaged in mapping the military policy, are manifesting considerable activity. The mentioned groupings have common interests with the stepped up military activities. They come out as a special alliance, pursuing their own aims, rendering mounting influence in numerous specific spheres of the economy, internal political life and participating in shaping its foreign policy. Japan's participation in SDI will stipulate deepening ties with the American MIC. The study concludes with the authors' opinion that for reasons of political and economic character the ruling class of the country does not consider it reasonable at present to speed up the process, leading to a formation of the MIC.

Never before has the shift of forces in the non-socialist world been so dynamic as under present-day conditions, state Yu. Stolyarov and E. Khesin in their article "Present Day Capitalism and Uneven Development", second in the series. It relates both to capitalist and developing countries. The weakening of U.S. positions in the world capitalist economy has become a significant indicator of such unevenness. Western Europe and Japan have challenged US economic hegemony. At the same time, the article points out, it is hardly probable that in the visible future any other country or centre would succeed in depriving the USA of the role of leading imperialist power. While evaluating the existing correlation of forces one should take into consideration the TNC's power, the size of "number II economy" and the periphery of the main centres. Today a new configuration of forces is taking shape in the capitalist world--new centres of imperialism are coming into existence, which should as yet be regarded as subsidiary, secondary from the main. The authors point out that only a comprehensive application of economic and political indices and criteria with due consideration for military power can give a more or less correct picture of this or that centre of the world. Peculiarities of uneven development under the existing conditions lead to a general conclusion about the mounting influence of unevenness on the entire development of capitalism.

V. Evgenyev's article "Algerian People's Democratic Republic--A Quarter of a Century of Independent Development" is devoted to the 25th anniversary of the Independence of Algeria. It examines ideological concepts, socio-economic situation and foreign policy of present day Algeria. The author notes that the new text of the National Charter of the state, confirmed by the extraordinary Congress of the National Liberation Front in December 1985 and approved at the referendum in January 1986 backs up the concept of socialist choice of the state as laid down in all the programme documents of the National Liberation Front. The Charter rejects the capitalist road of development and capitalism as a social system. An analysis of the new draft of the Charter clearly shows

that the ideological and political platform of the Front preserves its anti-imperialist progressive character. The article speaks in detail about the achievements of Algeria, advancing along the road of independence. It notes that the policy of industrialization, adopted by the state, enabled it in a short period of time to turn from a raw material appendage of a parent state into an industrial-agrarian country whose socio-economic development brought it into the forefront not only in Africa but in the "third world" as a whole. The article emphasizes an important role of the public sector in the Algerian economy. It considers the situation in various branches of the national economy and the social sphere. The article casts light on the country's recent economic difficulties. The author makes it clear that thanks to its international political stability, significant economic potential, solvency and a more balanced approach to world problems Algeria has gained high prestige in the world, a reputation of a serious and dependable partner.

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## CURRENT MISSION OF JOURNAL REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 7, Jul 87 (signed to press 15 Jun 87) pp 3-5

### [Text] To Our Reader

The first issue of our journal was published exactly 30 years ago, in July 1957. The birth of MEMO is inseparably connected with the creation in 1956 of the USSR Academy of Sciences World Economy and International Relations Institute, which was set big tasks in the sphere of study of contemporary capitalism.

In this time over 7,000 articles, commentaries, surveys and reviews, material of "roundtables" and academic councils and a variety of scientific information have been published in the 360 issues of the journal. Scholars, practical workers and current affairs writers, well-known and fledgling authors, have from year to year raised in the journal major economic, political, social and ideological problems and illustrated the most varied aspects of social development.

However, glancing back, mention also has to be made of a sense of dissatisfaction with what has been done. This applies to the content of the journal, the forms in which the material is presented and the outward appearance of the journal. Somehow imperceptibly, particularly as of the mid-1970's, the amount of "duty" articles of a summary, descriptive and, sometimes, simply superficial nature began to grow. The exacting reader repeatedly made us aware of the appearance of symptoms of sluggishness. Attention was called to the insufficient quantity of material containing new theoretical approaches posing really important and pertinent questions.

The CPSU Central Committee April (1985) Plenum, the 27th party congress and subsequent Central Committee plenums set the party and all of Soviet society, including, naturally, those who study it--the social scientists--essentially revolutionary tasks. Questions of great importance were raised in the CPSU Central Committee decree "The Journal KOMMUNIST" and in M.S. Gorbachev's speech at the all-union meeting of heads of social science departments and by the participants in the recent all-union meeting of social scientists.

Key significance for a restructuring in science is attached to a stimulation

of creative thought and its utmost activation, and the guarantee of the restructuring and an indispensable condition thereof is the democratization of all aspects of scientific life. It is difficult to exaggerate the role which printed publications are called upon to perform in this connection.

The MEMO workforce understands the full extent of its responsibility. The new atmosphere in the country, the changing situation in science and the qualitative shift in the work of many press organs are leading to the publication of a journal corresponding to modern requirements becoming not only more interesting but also more difficult. The editorial office is faced with difficult tasks: how, for example, to expand the readership under conditions where much acute, interesting material, pertaining to our set of problems also, is carried in newspapers and social and political, popular science and fiction and poetry journals. Nor are the academic publications by any means "slumbering".

Considerable adjustments in the work of the journal are essential. Some things are being done both to improve the content of the publications and to introduce diverse forms thereof. But far more has to be done.

The main thing for us is the subject matter of the journal. The entire set of problems of world economics and politics and questions of sociology, ideology and social life should be within the purview of MEMO. A subject of paramount importance is the foreign policy and foreign economic relations of the USSR. Problems of the new political thinking, the correlation of general and class interests, the creation of an all-embracing system of international security (its political, economic and military aspects), the theory of contemporary international relations, the competition of the two systems, the economic mechanism in the socialist and capitalist countries, combination of the national and international in the world economy, development trends of the emergent states and others require in-depth and comprehensive illustration. We are faced with the task of stimulation of the social and domestic policy fields and the regular publication of material containing an analysis of questions of a humanitarian nature, evolution of the mass consciousness and ideological doctrines and an investigation and criticism of bourgeois theories.

The quarterly analytical roundup "Current Problems of World Politics" will be upgraded. An important place in MEMO's work is occupied by the annual supplement "Economic Situation of Capitalist and Developing Countries," which contains the systematized latest data on the development of the world capitalist economy and its individual spheres and sectors and the economy of the most important states.

Together with articles addressed mainly to specialists we will, as a whole, regularly publish material geared to the broad readership.

A most important aspect of the journal's activity is work with authors. Thus we are endeavoring to extend and, at times, reestablish even cooperation with those who are disposed toward and capable of elaborating important theoretical problems, including those which are open to question. The journal will endeavor to work more actively with the artistic youth and foster a taste in it for truly scientific analysis and nonstandard evaluations. We intend

keeping a closer watch on scientific life in the republics, oblasts and cities of the country. Scientists, public figures and politicians and business people from the socialist, developing and capitalist states will be enlisted more extensively for articles in the journal, and surveys of the foreign press will appear more often.

The key task is the publication of articles distinguished by the pertinent formulation of questions and in-depth theoretical investigation. Debate in the journal is being revived. It is essential to make it more capacious and purposeful. We see it as our role to promote the competition of different scientific concepts and schools. An important place in our work will be occupied by special-subject "roundtables" and material of the sessions of academic councils and scientific conferences. But we have to reject here material cut to the old measurements, when speeches for "points" substitute for live discussion.

The permanent heading "Economic Experience of Foreign Countries" was introduced recently. Its purpose is to inform the reader of world achievements in the sphere of the organization of production and introduction of the latest equipment and technology. I believe that this will interest practical specialists also.

More extensive use will be made of the interview form. The publication of original statistical collections will continue. The possibility of starting a number of new headings--political portraits of prominent foreign figures, extracts from books by foreign authors--is being studied.

The task set by the party of radical renewal in the sphere of the teaching of the social sciences will require the preparation of special publications to aid VUZ lecturers.

The "Criticism and Bibliography" Section occupies a special place. Prevalent for many years--and this has been mentioned repeatedly in the party press--was such a phenomenon, and our journal did not escape this either, as the complimentary and sometimes almost panegyrical nature of the reviews. The other extreme--substitution for review of indifferent annotation--is known also. Yet the true scholar always feels the need for a view from the side, a benevolent, but critical investigation of his concept and an interpretation of this phenomenon or the other. It is such reviews which will determine the content of this section.

There is no more important task for the journal than study of the requirements of the readership. It is essential that we have a clear idea, so to speak, of the social portrait of our reader and have a better knowledge of his opinion of MEMO. Work is being stepped up directly in respect of readers' requests, specifically, the "Topic Suggested by a Reader" heading is being introduced. In the past year representatives of the editorial office and also some of our authors have been conducting meetings with readers of the journal in Moscow, Kiev, Kishinev and Vladimir. This practice will continue. Such meetings, the answers to the questions of our questionnaires, letters and comments and readers' questions and critical remarks are of inestimable help to us.

Understanding the entire complexity of the tasks confronting the journal, the editorial office workforce intends to work actively to accomplish them, to work such that the journal correspond to the high demands of the present day.

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## FACTORS IN WEST EUROPEAN APPROACHES TO SECURITY EXAMINED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 7, Jul 87 (signed to press 15 Jun 87) pp 6-19

\Article by A. Likhotal: "In the European Direction")

\Text} In its long history the cradle of modern civilization--Europe--has given birth to the most diverse forces and currents. The creative power of revolutionary storms which swept away rotten regimes has changed the fate not only of the continent but of all mankind. Its soil, abundantly irrigated subsequently with the blood of many generations, gave the world such splendid examples of the power of the spirit and reason as Copernicus and Galileo, Bruno and Lomonosov. However, the bonfires of the Inquisition blazed and the misanthropic ideology of fascism arose on this same soil. In the 20th century alone two world wars have deprived Europe of 55 million of its sons and daughters. But for over 40 years now the forces of creation have prevailed here over the forces of destruction, and the "continent of savages," as J. Jaures called Europe, is gradually becoming a continent of peace and civilized international relations. True, a long path has still to be trodden to the conclusive solution of the main question of the present day--man's deliverance from fear for his future. So to where on this path is the vector of West European power turned today?

I

E. Luard, former minister of state at the British Foreign Office, writes dejectedly in the journal INTERNATIONAL AFFAIRS: "In terms of summary GNP the EC countries have outpaced both the United States and the USSR. The EC countries are also superior to them in terms of the overall numbers of population. The Community's armed forces include the nuclear power of two of its members and number over 2 million men. The members of the Community possess long and varied experience of conducting international affairs. They are closely linked within the framework of an integrated political association which was the pioneer of such international cooperation. They represent a most ancient and rich culture. Why, then, is the chorus of their voices so faintly audible in international affairs?" (1). Indeed, what is preventing West Europe speaking at full voice?

Questions of war and peace, security and disarmament are the axis of

contemporary politics. These are today the touchstone of state wisdom and realism, and the level of responsibility of statesmen and the policy they pursue is determined in full in the approaches to them. This is explained by the fact that never before has mankind borne such a heavy burden of responsibility for its fate as now, when it has become aware of its "mortality" and when the very concept of "war" has been suffused with the ominous meaning of total self-genocide. Until now civilization has marched from millennium to millennium, leaving behind it rivers of blood and bringing suffering to millions and millions of people. Only 300 out of the 4,000 years of recorded history have been peaceful. Now, however, mankind has "matured" to the time when it is left with no choice in the dilemma of war or peace. "...The modern world has become too small and fragile for wars and power politics," the CPSU Central Committee Political Report to the 27th party congress emphasized.

However, the danger of a new world war has not been ruled out, and this war could erupt precisely where merely a narrow strip of land separates the most powerful military-political groupings. In a word, it is in Europe that the nuclear-space age makes of politicians demands of particular responsibility and realism.

Certainly, therefore, nowhere but on our continent do the two opposite approaches to the solution of the problem of the preservation of peace in the world, the two types of thinking and the two political philosophies clash so graphically. The spiritually revolutionary and essentially realistic philosophy of security for all based on a reduction in arms and disarmament as far as the complete elimination of weapons of mass annihilation is on the offensive in this confrontation. This approach is represented by the policy of the USSR and the other socialist countries and also realistic social and political forces of West Europe.

Demonstrating new political thinking not in words but in practice, the Soviet Union has in the period which has elapsed since the CPSU Central Committee April (1985) Plenum implemented a whole set of measures aimed at an improvement in the international atmosphere and a strengthening of peace and international security. The 27th CPSU Congress elaborated a program of the creation of an all-embracing system of international security. A large-scale program of mankind's liberation from nuclear weapons by the year 2000 was put forward. The elimination of Soviet and American medium-range and operational-tactical missiles and the destruction of chemical weapons and the industrial base of their manufacture were proposed. The unilateral moratorium on nuclear explosions was extended five times. Far-reaching proposals pertaining to a reduction in conventional arms and armed forces and tactical nuclear arms on the European continent were advanced. Convincing evidence of an endeavor to realize the principles of the new political thinking was the Delhi Declaration on the Principles of a Nonviolent World Free of Nuclear Weapons signed on 27 November 1986 by M.S. Gorbachev and R. Gandhi. There was a series of top-level meetings with leaders of major capitalist countries of Europe and America. An important event of international life was the working meeting between the general secretary of the CPSU Central Committee and the U.S. President which took place 11-12 October 1986 in Reykjavik. And although owing to Washington's obstructionist position it was not possible embodying the agreement on

cardinal questions of disarmament which had practically been achieved in binding accords, the struggle for nuclear disarmament reached a new frontier.

A unique situation from both the military and political viewpoints took shape in Europe after the USSR, on 28 February 1987, had proposed separation of the problem of medium-range missiles (INF) in Europe from the set of interrelated questions of nuclear disarmament and the conclusion of a separate agreement thereon with the United States. For the first time in Europe's postwar history there is an opportunity for the elimination of a whole class of nuclear arms. In order to facilitate the immediate conclusion of the appropriate agreement the Soviet Union displayed good will, expressing a readiness for a constructive solution of the problem of operational-tactical missiles, which the West had attempted to use to drag out a solution of the question concerning the elimination of INF.

Specifically, the USSR proposes:

the elimination within the next 5 years of all Soviet and American medium-range missiles in Europe given preservation merely of 100 warheads each on such missiles in the Asian part of the USSR and on U.S. territory;

the elimination simultaneously of Soviet and American operational-tactical missiles in Europe and negotiations on such missiles in the east of our country and on the territory of the United States;

the establishment of the strictest system of verification, as far as on-site inspection, of compliance with the commitments assumed by the parties in this connection;

the examination and solution of the question of tactical nuclear systems in Europe, including tactical missiles, at separate multilateral negotiations in accordance with the Budapest initiative of the Warsaw Pact states on a reduction in armed forces and conventional arms on the European continent--from the Atlantic to the Urals.

Such a dependable foundation as the all-European process, which, following the serious upheavals brought about by Washington's confrontationist policy, is now revealing a trend toward further development, may be taken as the basis by the peoples of the European continent in the joint search for methods of ensuring its peaceful future. The results of the first stage of the Stockholm Conference on Confidence-Building Measures and Security and Disarmament in Europe testify to this, in particular. Under current conditions particular importance is attached to the task of the combination of questions of security and disarmament within the framework of the all-European process. The adoption by the meeting of the Warsaw Pact Political Consultative Committee on 28-29 May 1987 of the document "Military Doctrine of the Warsaw Pact States," which contains the proposal that the NATO countries hold consultations for the purpose of comparing the military doctrines of the two alliances, analyzing their character and jointly examining the directions of their further evolution, contributes to the solution of these questions.

The increasingly full practice of political communication between European

states and the increased frequency of reciprocal visits of leaders of European states and governments, during which there is an extended comparison of positions and a clarification of one another's intentions, also testify to the establishment of new relations on the continent.

However, the process of crystallization of new approaches and evaluations is being impeded by "power" thinking, which has been out of time since the onset of the nuclear era. Shaped by the centuries-old history of international relations, when war was the loyal servant of policy, it has today taken refuge in the North Atlantic alliance and mainly in influential circles of such most important European NATO states as the FRG, Great Britain and France. What is the political credo of the forces which are determining these countries' foreign policy strategy?

Essentially the approach of these circles to the main question of the present day is dictated by an aspiration to hold on at all costs to the positions of traditional "power politics," to "register" nuclear weapons in the world permanently and to enshrine the bloc confrontation in Europe. "The government which I lead," M. Thatcher, for example, declared during her visit to Moscow, "will not forgo the security afforded our country and the whole NATO alliance by nuclear weapons." Nor is Paris prepared to forgo "power politics" cliches. J. Chirac's visit to Moscow showed that France's ruling circles see nuclear weapons not as the main threat to the continent's security but, on the contrary, as something akin to an "insurance policy" of stability and their own security. The "Charter of Principles of the Security of West Europe" put forward by the French premier at the Western European Union session is based on a continuation of the nuclear arms race into the 21st century also. The traditional "winter marathon" of NATO executive bodies held last winter in the Belgian capital and the "Brussels Declaration" adopted there testify that the thought even of a nuclear-free world is not being entertained in certain other European capitals also.

It is maintained, for example, that peace and security are ensured by a "balance of terror" based on "nuclear deterrence" and that under the conditions of the nuclear confrontation mutual deterrence contributes to the stability of the strategic situation, depriving a potential aggressor of incentives to use military force. Therefore, it is said, nuclear deterrence, "guaranteeing" the inevitability of retribution, ensures although psychologically disquieting, nonetheless physically perfectly safe living conditions.

However, upon closer examination it transpires that this "impeccable" logic is based both on a flagrant juggling of seemingly similar concepts and the absolutization of a bare theoretical outline divorced from reality.

There is no doubt that today's security derives from the dynamic balance of strategic possibilities of the USSR and the United States--a parity whereby a nuclear attack carried out with impunity is impossible. In other words, the current objective strategic situation permits the victim of nuclear aggression even under the most inauspicious conditions to preserve sufficient weapons for inflicting "unacceptable damage" on an aggressor in the course of a retaliatory strike and thus deprive him not only of the possibility of

emerging from the war the winner but also of any chance of survival.

But what is there in common between the situation which objectively exists and the "nuclear deterrence" concept built on a demonstration of a constant readiness to risk mankind's existence for the sake of maintaining the "dependability" of deterrence? In reality this concept, which lives parasitically on the objectively evolved military-strategic balance, is incompatible with the task of ensuring lasting peace and reliable security. In accordance with this logic, the "dependability of deterrence" is made dependent, first, on the capacity for inflicting on a potential aggressor "unacceptable damage" and, second, on the "persuasiveness" of the threat to use nuclear weapons.

As far as the first criterion is concerned, it is provided, it may be said, with a manifold "reserve of strength". According to available estimates, the total quantity of nuclear weapons in the world constitutes 50,000, and their total yield is the equivalent of 13 billion tons of TNT. This is a million bombs like that which destroyed Hiroshima. The simultaneous explosion even of a small part of the nuclear weapons which exist in the world would lead to the lingering radioactive contamination of huge territories and expanses of water, monstrous atmospheric pollution, a general cooling of the planet's surface, partial destruction of the stratosphere's ozone layer, a sharp increase in ultraviolet radiation disastrous for every living thing and, as a result, to the disappearance of life on Earth. Thus "nuclear deterrence" is secured today by a level of destructive power which is capable of causing "unacceptable damage" not only to an enemy but to all mankind also. Incidentally, according to the estimates of R. McNamara, the loss of 70 percent of industry and 30 percent of the population would represent "unacceptable damage" for any, even the most powerful, world power. At the present time just 5-10 percent of the strategic nuclear weapons of one of the two strongest powers is capable of inflicting such a level of losses. Nonetheless, the arms race continues, contrary to logic and commonsense.

The point being that "deterrence" is based not on criteria of "sufficiency" of nuclear potential but, on the contrary, on a colossal, unlimited surplus of destructive power. In practice the "nuclear deterrence" concept is on the pretext of satisfaction of the demands of the second criterion--the need to impart a "persuasive" nature to the threat--becoming a convenient argument for the creation of nuclear potential which ensures not only the possibility of "assured destruction" in the course of a retaliatory strike but also the capacity for fighting a nuclear war in the hope of winning it.

As a result "nuclear deterrence" is making the military-strategic balance shaky and infirm, constantly narrowing the zone of stability of strategic parity and stimulating the nuclear arms race.

But even if "nuclear deterrence" did not undermine the stability of the strategic situation, military balance could not serve as a dependable long-term, even less, the sole basis of lasting peace and international security. The sphere of stability ensured by the "symmetry of vulnerability" on which security in the world is in fact based today is not boundless. Although, as we may expect, strategic parity possesses stability within relatively wide

limits, precisely determining the boundary beyond which it loses its stabilizing function is nonetheless impossible. Therefore for the worst to happen, M.S. Gorbachev emphasizes, "it is not even necessary to perpetrate an unprecedented stupidity or crime. It is sufficient to act as we have acted for millennia--to rely in the solution of international affairs on weapons and military force and, when the opportunity arises, to use it" (2).

Nor can we agree with the arguments that nuclear weapons are an "insurance policy" of national security. Under the conditions of the global military-strategic balance between the USSR and the United States nuclear weapons located on the territory of third countries, while adding nothing to the level of their security, merely guarantee in practice the total destruction of these countries in any nuclear conflict--even if, in NATO parlance, "deterrence fails" beyond the zone of direct East-West confrontation. This could occur given the accidental outbreak of a nuclear conflict even. How can we not recall here W. Churchill's remark that "in consenting to the creation of an American base in East Anglia we have become a target, a bullseye, I would say, for the Soviet Union" (3).

Nor can nuclear weapons serve as a so-called "last resort" capable of averting defeat in a conventional conflict. Counting on this is the same as hoping to extinguish a raging fire with gasoline.

It has taken several decades to understand that victory with nuclear weapons is impossible. Will as much time be spent on recognition that self-defense with nuclear weapons is impossible also? Thus, the British Home Office estimates, Britain's "nuclear defense" could lead to the loss of 40 of the 57 million Britons (4). Can this really be called an effective strategy for safeguarding security? This is more like a plan for national suicide.

In short, the nature of modern weapons allows no state hope of safeguarding its security by such traditional means as military force. This means that peace may be lasting only if constructive coexistence and the equal and mutually profitable cooperation of states, regardless of their social system, given the total exclusion of nuclear and other types of weapon of mass extermination from the military balance, become the highest universal laws of international relations. In other words, safeguarding security increasingly appears as the task of creation on a multilateral basis of the political, material, organizational and other safeguards of the preservation of peace which preclude the very possibility of the outbreak of war. And this being so, the true source of strength in politics is the economic, scientific, intellectual and moral potential which might contribute to the accomplishment of this task.

"We need to seek a solution of all problems by mutual accommodation while remaining different," M.S. Gorbachev emphasized at the meeting with M. Thatcher in Moscow on 30 March 1987. "...And let West Europe free itself more quickly from fears in respect of the Soviet Union. It should be making a big contribution to world politics, to the international process. It has every opportunity for this." Yet stubbornly reluctant to abandon the stereotypes of thinking of the prenuclear era, the ruling circles of the leading West European states are attaching incommensurably exaggerated significance to the

military power factor. As a result the actual role precisely of the components of political power by reliance on which West Europe could realize its potential in international affairs far more fully is being devalued.

But is it just a question of the stereotypes alone? Fettering thought and holding back the process of the world's transition to political maturity, they are a kind of mirror reflection of the class interests of imperialism in the political consciousness of the West. This is why the new thinking is being impeded mainly not so much by stereotypes and not so much the sluggishness of this politician or the other but the active and conscious resistance of the forces of reaction and militarism brought about primarily by the social decrepitude of imperialism and the incapacity for realistically evaluating the world and the alternatives facing it.

## II

The evaluation of the results and lessons of the meeting in Reykjavik has under current conditions become a kind of "test" of the level of realism and responsibility. With reference to European reality, a view of a Europe delivered from nuclear confrontation, in which the emergence of a new structure and new character of mutual relations between all its states would preclude the very possibility of the outbreak of war, was opened from the frontiers of the understandings agreed on there.

However, influential circles in the leadership of West European countries have been unable to fully appreciate the historic opportunity which the meeting in the Icelandic capital afforded the Old World and to move beyond the framework of old stereotypes of thinking.

Why, say, speaking about the task of reducing strategic offensive arms, are the leaders of France and Britain recalling merely the first stage providing for a 50-percent reduction in the next 5 years, completely "forgetting" about the arrangement agreed on in Reykjavik concerning their complete destruction by the end of a 10-year period. This was confirmed by French Premier J. Chirac in the course of the April negotiations in London with M. Thatcher. He declared plainly that France is not about to abandon nuclear weapons and intends developing cooperation with Britain in respect of their sophistication. In justification of such a policy the French premier declares that "peace cannot be achieved by way of unilateral disarmament." But no one is proposing this.

London also is endeavoring to distance itself from participation in the nuclear disarmament process. According to Defense Secretary G. Younger, "the acquisition of Trident missiles will be nothing other than a measure geared to maintaining the minimum level of Great Britain's deterrent force. A system with less potential would not correspond to the situation of the end of the 1980's and the subsequent period" (5). In reality, however, the measures which London plans to enhance the efficiency of its nuclear forces go beyond any conceivable "deterrence" requirements.

Endeavoring to justify its plans for a sharp buildup in nuclear power, the British leadership alludes to the area ABM system protecting Moscow authorized

by the 1972 treaty. It is maintained here that the "negligible (!--A.L.), by a factor of no more than 2.5," increase in the number of warheads is necessary for Britain to compensate for the contemplated increase in the efficiency of this system (6). However, such arguments, which are geared to an uninformed audience, do not withstand even a superficial analysis.

First of all, in the strategic respect significance is attached not so much to the figure expressing the quantity of warheads as the number and nature of the targets within their range. The 64 Polaris SLBM's fitted with 192 non-independently (as the British leadership constantly declares) targetable warheads represent a potential threat to 64 targets. But inasmuch as one SSBN is on alert status, as a rule, "deterrence," London believes, has been secured by the threat of the destruction of 16 targets. Yet acceptance of the Trident II fitted with independently targetable MARV's will lead to a broadening of the target allocation possibilities to a minimum of 512 targets (7).

The planned buildup of the "counterforce" efficiency of the British nuclear weapons is a cause for particular concern. Specialists maintain that in the plane of an increase in the efficiency of the destruction of highly protected targets a twofold increase in accuracy is the equivalent of an eightfold increase in the yield of the nuclear weapon. In this case, however, a tenfold increase in both the accuracy of the delivery vehicles and the total yield of the warheads is planned.

Nor are the references to the Soviet area AMB system convincing. If the 48 warheads of one SSBN in the patrolling zone provide, London believes, for the possibility of causing the Soviet Union "unacceptable damage," despite the existence of this system today, it is appropriate to ask: based on what efficiency of this system in the future will "modernization" be carried out? The 48 warheads constitute only 9 percent of the 512 (on four subs) which it is planned to deploy, considerably inferior to them in post-firing survivability. But even without regard for the qualitative differences, this means that Great Britain's nuclear possibilities are being planned on the basis of the repulse probability provided by the area ABM system being in excess of 0.9. But such a level of efficiency is totally unrealistic today and is not discernible in the foreseeable future.

In short, the basic parameters of the "modernization" of the British nuclear forces are no grounds for believing that London is endeavoring merely to preserve its present strategic possibilities. The same may also be said about the French nuclear rearmament program geared practically through the end of the century. It is not surprising that any antinuclear development trends cause a kind of allergy in both capitals, not to mention NATO headquarters.

This allergy is also reflected to a certain extent in the ambiguous approach of a number of West European leaders to the question of the elimination of INF in Europe, which was put on a practical footing by M.S. Gorbachev's 28 February statement. The majority of West European governments welcomed the USSR's readiness to separate the problem of INF in Europe from the Reykjavik "package" as an important initiative aimed at a lowering of the nuclear confrontation on the continent and capable of stimulating the arms control process. Thus the FRG Government declared that it approves the proposal of the

general secretary of the CPSU Central Committee concerning the conclusion with the United States of a separate agreement on the elimination of medium-range missiles in Europe. The Soviet proposal was approved also by other countries on whose territory the American INF are deployed (or intended for deployment) (Britain, Italy, Belgium and Holland). It elicited a positive response from official circles in other NATO states also. Following the original "supercautious" assessment of this initiative by French Foreign Minister J.-B. Raimond, President F. Mitterrand and Premier J. Chirac declared that "the elimination of medium-range missiles in Europe corresponds to the interests of France and peace."

True, some "in principle" positive assessments involuntarily recall the rejoinder of former U.S. Secretary of State G. Marshall: "Each time I hear from someone the words: we agree in principle, this means they disagree with what you are saying." Such associations are not, unfortunately, without foundation if it is considered that even now many speeches of Western representatives are expressing a variety of reservations, conditions and half-hints capable of creating artificial obstacles en route to agreement. Misgivings have been expressed again and again that the elimination of Soviet and American INF on the continent might leave West Europe "defenseless" in the face of Soviet shorter-range missiles.

Highly indicative in this respect was J. Chirac's visit to the United States, at the center of the attention of which was the question of the attitude toward the Soviet proposal. Judging by Western press commentaries, in response to J. Chirac's "concern" in respect of the consequences of the elimination of INF the White House promised to act "with regard for its partners' concerns" and issued on behalf of the President a statement which moves to the forefront not the idea of a reduction in missiles but the demand for the "sanctioning" of an arms race at levels below medium-range missiles.

It is forgotten, as it were, here that, first, that American forward-based missiles, as, equally, the nuclear forces of Britain and France, would be preserved in a "defenseless" Europe. Second, M.S. Gorbachev's statement made clear mention of the elimination of Soviet and American INF in Europe and the USSR's withdrawal from the GDR and the CSSR, following agreement with the governments of these countries, of increased-range operational-tactical missiles, which were deployed there as measures in response to the deployment of the Pershing 2's and cruise missiles in West Europe. As far as other operational-tactical missiles (OTM) are concerned, the USSR proposed their elimination in Europe, and outside, dealing with them analogously to the INF, that is, limiting them to minimum agreed levels.

However odd, it was the USSR's "double zero solution" which gave rise to the active resistance of rightwing conservative forces of the West's ruling circles. Thus it took the West German leadership several months to formulate its position. When, however, at the start of June 1987, it had done so, it transpired that the consent had been hedged around with a whole number of contradictory conditions reducing to nothing the FRG's readiness to support the complete elimination of OTM in Europe on the pretext of the Warsaw Pact's "superiority" to the West in conventional arms.

There is approximate balance in terms of the numbers of the armed forces and the correlation of conventional arms between NATO and the Warsaw Pact. This situation exists on the European continent also. Here NATO is superior to the Warsaw Pact in terms of the total numbers of personnel, the number of combat-ready divisions and antitank weapons and has a roughly equal amount of artillery and armored equipment. The Warsaw Pact is inferior to NATO in terms of fighter bombers, compensating for this gap by a somewhat larger number of air defense interceptor fighters.

Of course, balance does not signify complete and symmetrical equality in numbers and structure of the armed forces and the amount of divisions and arms. The armed forces of each side have developed differently, with regard for geostrategic specifics, assessments of the military-strategic situation and so forth. For this reason the purely arithmetical, oversimplified approach cannot provide a true picture. For example, there is in the NATO armed forces, aside from servicemen, a large number of civilian employees. There are 315,000 such in Great Britain alone, and in the United States, approximately 1 million. In the Warsaw Pact armies analogous duties are performed by the servicemen. The quantitative makeup of the divisions is different: the strength of a Warsaw Pact division is less than a NATO division by a factor of more than 1.5.

Taking advantage of the differences which objectively exist for the purpose of distorting the actual correlation of forces between the Warsaw Pact and NATO in conventional arms, Western propaganda is resorting to the outright juggling of data. Account is usually not taken here of the armed forces of France (over 500,000 men) on the pretext that it is not a part of NATO's military organization, and also of Spain (320,000 men) on the grounds that the bloc's leadership has not yet "defined the role of the Spanish armed forces". Account is taken only of the organic weapons of NATO peacetime regular forces excluding reserve components, and stored reserves, armored supplies particularly, are completely ignored.

The Warsaw Pact's forces, on the other hand, are evaluated "per the maximum". Thus upon computation of the number of army divisions even those which cannot be committed to battle without preliminary mobilization measures are included, although it is perfectly obvious that only combat-ready divisions can be compared. Attributing "aggressive designs" to the Warsaw Pact, some air defense aircraft are deliberately included in its "offensive" air potential.

In its last publication, "The Military Balance 1986-1987," the London International Institute for Strategic Studies confirms the actual existence of military balance. Thus, according to the calculations of the authors, in terms of numbers of the armed forces NATO is inferior to the Warsaw Pact in a ratio of no more than 1:1.23. There is practical equality in the numbers of ground forces--1:1.02. The tendentiousness of the procedure is manifested most graphically in the evaluation of the correlation of ground forces in Europe--1:1.46. But inasmuch as it is known that for success an attacking side needs a superiority of a minimum of three to one, the authors of the publication conclude that in Europe "the correlation of forces in terms of conventional arms makes military aggression too dangerous an undertaking for either side" (8).

British Defense Secretary G. Younger, who addressed fellows of the said institute on 19 November 1986, agreed with the data adduced in "The Military Balance". Moreover, emphasizing that "simple quantitative comparisons could be misleading," he confirmed that "the West retains technological superiority in a number of key spheres" (9). In an audience of specialists the defense secretary thereby indirectly acknowledged the existence of East-West military balance in conventional arms, whereas in public statements the reverse is maintained.

The assessment made of the Soviet statement of 28 February, which has been specified in subsequent proposals, which was positive, as a whole, implants certain hope. "We have seen that they (the West Europeans--A.L.) have understood us correctly," M.S. Gorbachev observed, "namely, we wish to purge Europe of all nuclear weapons and begin the actual process of demilitarization of the continent, holding national defense to the minimum, truly reasonable proportions on an entirely equal and honest basis" (10). However, the experience of contacts with Western powers in questions of arms limitation, as, equally, the debate which has begun in their ruling circles in connection with the Soviet initiatives, demand soberness and circumspection, the more so in that signs of a familiar game are beginning to be manifested in West European capitals: it is up to you Russians and Americans, it is said, to negotiate the elimination of your missiles and so forth, while the Americans refer to the fact that they themselves are not opposed but that it is their allies which are hesitating, and we, they say, have "Atlantic obligations". Of course, nothing good will come of it if these swings are set in motion once again.

A principal stumbling block in Reykjavik was the question of interpretation of the ABM Treaty. It was here, perhaps, that certain West European figures accomplished the most dizzying move. "The ABM Treaty makes special mention of the authorization of research in the sphere of defensive systems," British Foreign Secretary G. Howe emphasized a year ago. "It is obviously pointless attempting to impose restrictions compliance with which it is impossible to verify. A large part of the activity performed in laboratories and research institutes pertains to this category. The treaty recognizes this when it makes a distinction between research on the one hand and creation, testing and deployment on the other" (11). But when the USSR proposed recording this understanding of the treaty as the basis for strengthening its terms for the next 10 years, it turned out that London, like a number of other West European capitals also, was not ready for this.

For what are America's European allies hoping in actually pandering to the destruction of the international-law foundation of the existing edifice of stability? That Washington will, perhaps, take stock of the opinion and interests of its partners? But how it treated the SALT II Treaty--in spite of the clearly expressed opinion of its allies, incidentally--provides no grounds for such optimism.

### III

Observing the rapid and contradictory development of the political situation

on the continent, one sometimes begins to doubt: what side of the Atlantic is Europe on? This, for example, is what M. Thatcher has to say: "...The free world lies on both sides of the Atlantic. On the one side, Europe, the older free world, on the other, the United States. I hope it will not be offended with me if I say that this is an overseas Europe, a fusion of European peoples overseas" (12). A curious interpretation, is it not? America, it turns out, is also Europe, but the entire socialist part of the continent, on the other hand, is not among the countries of the "free world," is situated somewhere "outside it".

But Europe is primarily the 700 million people inhabiting it belonging to opposite social systems, but united by a common continent, which has twice already been crippled by world wars and has now become a most dangerous zone of East-West military-political confrontation. More acutely aware than others of the disastrous nature of military confrontation, Europeans, regardless of whether they live in the East or West of the continent, can and must view problems of security in their way, proceeding from their own interests and their own historical experience.

An endeavor to counterpose the United States to Europe and drive wedges between Washington and its NATO allies is alien to Soviet policy. However, an essential prerequisite of the organization of a system of security which would free Europe from military confrontation is the formation of an all-European self-awareness based on a common understanding of the place and role of the continent in the solution of the cardinal question of the path along which international development will proceed--that of peace and detente or confrontation and arms race.

The further course of events will largely depend on how clearly West Europe is able to outline its positions in questions determining the fate of the entire continent. It prefers as yet to hide its face behind the veil of "Atlantic interaction". Thus the NATO Nuclear Planning Group, which met in May 1987 in Stavanger (Norway), reconfirmed the bloc's adherence to nuclear weapons. While having paid considerable attention to the question of medium-range missiles, the ministers still failed to give a constructive answer to the Soviet proposals. Such was the practical result of "Atlantic interaction".

But why does this "interaction" produce, as a rule, merely a negative result, contribute to a hardening of the line of the leading West European states and not a softening of the position of the United States and block the solution of most important problems instead of contributing to the search for solutions? Meanwhile West Europe could make a considerable contribution to a strengthening of peace and security. The United States' allies have sufficient authority and influence to adjust Washington's course in the direction of greater circumspection and correspondence to all-European interests.

The events of the mid-1980's reveal distinctly that the United States' unabashed exploitation of international tension is leading to results directly opposite to those to which Washington aspires. The danger of war is perceived more acutely and in greater relief in West Europe. The "export" from the United States of the nuclear threat, which has in recent years assumed unprecedented proportions, has made for the strengthening aspiration of a

number of West European states to distance themselves from the foreign and military policy course pursued by Washington, which is fraught with disastrous consequences. As a result a considerable expansion of the range of problems on which there are differences of opinion may be observed. They are becoming prevalent even in spheres in which, seemingly, the class solidarity of the imperialist states is manifested most fully and embracing questions which even recently were being decided unequivocally.

This trend was manifested in the practically unanimous condemnation in the West European capitals of Washington's rejection of the SALT II Treaty. It is also being revealed in the regular establishment by the small NATO countries of particular positions at the time of the adoption by the bloc's leadership of this decision or the other. The Danish Folketing's approval in March 1987 of a resolution which makes it incumbent upon the government to do everything to ensure that the big U.S. radar station located at the U.S. Air Force base in Thule (Greenland) not be used for offensive purposes and not be activated in the preparations for "star wars" may serve as a specific example.

The allies' reasonable fears of finding themselves the victims of the policy of confrontation with the socialist states being pursued by the United States, as, equally, of being pulled, contrary to their own interests and will, into the senior partner's reckless ventures outside of the "Atlantic zone, are being perceived in Washington as an expression of "neutralism" and virtually as a betrayal of the cause of "Atlantic solidarity". Whence the incessant attempts to limit the allies' freedom of choice and simultaneously tie them somewhat more tightly to itself by bonds of "nuclear safeguards" and the spurring of East-West hostility.

Yet there are in West Europe influential forces which are by no means disposed to reconcile themselves to the subordinate position in international affairs and questions of their security assigned the Europeans and do not consent to the role of "Atlantic periphery" in the military, political and economic respects. The idea of a strengthening of the "European component" of NATO and West Europe's reduced dependence on the United States based on the development of a policy in the military sphere taking European specifics into consideration to a greater extent is becoming increasingly prevalent. Thus in his new book "A Grand Strategy for the West" former FRG Chancellor H. Schmidt calls for the unity of the West European states on the basis of a Franco-West German alliance and advocates reduced reliance on nuclear weapons combined with a strengthening of the conventional armed forces and arms of NATO and a gradual withdrawal of American forces from West Europe (13). In fact Washington itself created the "vicious circle" in terms of mutual relations with its allies. The more strongly American hegemonism is manifested in transatlantic relations, the more pronounced the centrifugal trend in them becomes. This, in turn, leads to even greater pressure on the part of the United States. "The general strategy of the present U.S. Administration aimed at preservation of the postwar world positions which the United States is losing step by step," A. Yakovlev observes, "is contributing to a large extent to the exacerbation of interimperialist contradictions. Having in recent years turned the nuclear spearhead of confrontation more abruptly against the socialist system, the American ruling elite is attempting to also crush its 'class brothers' and to keep them within the framework of its economic,

military and political course" (14).

The clash of the partners' interests in questions of East-West mutual relations has always had a complex and contradictory impact on centrifugal and centripetal forces in the North Atlantic alliance. But whereas previously Washington succeeded, as a rule, in maintaining, as a whole, the stability of intrabloc relations, now the West European public is for the first time openly questioning present American policy's compatibility with the notions of its own security.

Representatives of the most diverse public strata believed that the creation of a broad-based ABM defense system with space-based components would do irreparable damage to West Europe's interests and intensify the "asymmetrical vulnerability" between the allies, which could lead to a kind of "uncoupling" on security issues, the destabilization of NATO and the need for the West European states' increased defense spending.

However, what was reflected ultimately was the rule, which is deeply rooted in West Europe's ruling circles, of according their senior partner the right to decide questions connected with security. The United States' allies are viewing the problems connected with the SDI through the prism of an East-West balance of forces which would ensure the "high reliability" of American "security guarantees". In this connection they are inclined to regard the SDI and their participation in its realization as on the one hand a means of pressure on the USSR and, on the other, as the "small change" for a linkage of questions of prevention of an arms race in space with the problem of nuclear arms limitation which would blunt the seriousness of the contradictions which exist in their relations with the United States on security issues.

Yet the United States is at this stage practically ruling out the possibility of the inclusion of the SDI on the list of "negotiable" problems within the framework of inter-allied relations. At the same time, however, Washington has succeeded in grasping the mechanisms of the political thinking of the West European establishment whose manipulation makes it possible to impress upon the allies the fact that their refusal to support the SDI will be used by the Soviet Union to sow discord between the United States and West Europe.

Such is the general background against which the approaches of individual West European countries to the problem of preventing an arms race in space and to an evaluation of the SDI are being formed. As D. Watt, former director of London's Royal Institute of International Affairs, observes, "the overpowering dependence of West Europe on security issues on the strategic potential of American deterrence is depriving it of the opportunity of opposing even the actions of the United States which could in the long term undermine the effectiveness of the American safeguards" (15).

An attempt to wheel into West Europe the Trojan Horse of the SDI for the purpose of strengthening its dominating role in NATO on the basis of an arms race and the incitement of East-West hostility precisely when a trend toward the "Europeanization" of political thinking has begun to manifest itself on the continent can also be discerned in Washington's race for military supremacy over the Soviet Union.

And it is hard to see the American plans to "supplement" the SDI by a system of "antimissile tactical defense" in West Europe other than as evidence that the Pentagon is planning to create a kind of "forward-based strategic reserve" which would "restrain" the USSR from delivering a retaliatory strike against U.S. territory in the course of a "limited" nuclear war in Europe.

Of course, now, as, incidentally, once with medium-range missiles also, the dubious laurels of initiator of the "European Defense Initiative" (EDI) are attributed to the leaders of West Europe. But in reality back in 1980, that is, long prior to the advancement of this idea, the Pentagon was speaking of plans to enhance the survivability of the new medium-range missiles thanks to the deployment of a tactical-operational missile defense (PRTO) system covering their positions. Thus using the EDI, the United States hoped to break West Europe's resistance to the American plans for the militarization of space, protect American "first strike" weapons deployed on the continent and ultimately create an additional barrier in the way of the spread of a conflict--should it begin in Europe--to U.S. territory.

As far as the overtures concerning the fact that West European corporations would receive their "share of the pie" in the form of profits from participation in the SDI are concerned, there is an explanation for these also.

Primarily, in Washington's calculations, direct contacts with West European firms are to ensure for the SDI the necessary political support and material base, which will push into the background the allies' present concerns and compel them in the future to "sanction" the United States' violation of the ABM Treaty. By the time this becomes "necessary," West European capital will be so tied up in the "star wars" preparation programs that the governments will have to consent to the policy of the development of an arms race in space.

In addition, Washington manifestly wishes to insure itself in the long term against all surprises in the event of the assumption of office of the social democrats in the FRG or the Labor Party in Great Britain. After all, both parties are opposed to the American plans for an arms race in space. As a document adopted in November 1986 by a joint working group of these parties emphasizes, they "undertake in the event of their assuming office to end government support for the SDI and participation therein."

Stimulating the transfer of government and private resources in West Europe into military R&D to the detriment of civilian programs, Washington is hoping simultaneously to slow down its competitors' economic development and help the forces of the right hold on to their political positions and weaken the circles opposed to the incitement of East-West hostility. Finally, a gamble is also being made on the fact that the competitive struggle of West European corporations for American orders will afford the United States access to the most promising studies being performed by the allies.

To where, then, is the vector of West European power turned? There is no simple answer to this question. The capitals of the West European states are not as yet, unfortunately, displaying a readiness to view the world in a new

way and embark on the path of efforts commensurate with the task currently confronting Europe--securing for all its peoples a peaceful future and prosperity. The efforts of those who see Europe's future only through the prism of the global military-political confrontation are aimed at thwarting the opportunities which have been opened to mankind for the creation of a world rid of the nuclear threat. Endeavoring to perpetuate the confrontation, they are demonstrating a lack of responsibility and an incapacity for giving a constructive answer to the questions being posed by the times.

But there are also in West Europe forces which understand that the United States' policy of destabilizing international relations is contrary to the objective interests of the European peoples. Increasingly more politicians and public figures are beginning to ponder possible political alternatives corresponding to these interests under the conditions of the growing complexity, diversity and dynamism of the modern world. The question is arising increasingly often: will not West Europe overstep that "threshold of prudence" beyond which blind trust in the United States will prove to be attended by costs which are unacceptable to it?

#### FOOTNOTES

1. E. Luard, "A European Foreign Policy?" (INTERNATIONAL AFFAIRS No 4, 1986, p 573).
2. PRAVDA, 8 February 1986.
3. HANSARD. 1950-1951. Col 630.
4. See "As Lambs to the Slaughter," London, 1981, pp 23, 127, 128.
5. THE TIMES, 8 October 1986.
6. See "Statement by Secretary of State for Defence: 1 December 1986"; "Parliamentary Debates. House of Commons," 1986, 3 December, p 998.
7. According to a special statement of the defense secretary of 1 December 1986, London "does not plan to deploy more than 128 warheads per submarine" (8 multiple reentry vehicles per SLBM), but owing to the increased range of fire, Soviet territory will be within range of all the new missiles at once, regardless of whether the submarines are in the patrolling zone or at base.
8. "The Military Balance 1986-1987," London, 1986, p 225.
9. See "Parliamentary Debates. House of Commons," 3 December 1986, p 1000.
10. PRAVDA, 22 April 1987.
11. THE TIMES, 16 March 1986.
12. THE GUARDIAN, 19 December 1985.

13. See H. Schmidt, "A Grand Strategy for the West," New Haven (Connecticut) and London, 1986.

14.. KOMMUNIST No 17, 1986, p 9.

15. THE TIMES, 29 March 1985.

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## SHIFTING OF ECONOMIC FORCES IN CAPITALIST WORLD

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 7, Jul 87 (signed to press 15 Jun 87) pp 20-32

[Second article by Yu. Stolyarov and Ye. Khesin: "Present-Day Capitalism and Uneven Development"]

[Text] Never before have the movements of forces in the nonsocialist world been as dynamic as under current conditions. This applies to both subsystems of the capitalist economy--the center and the periphery. The unevenness is stimulating the development of both centrifugal and centripetal trends: as a consequence of the intensified rivalry the endeavor of the West's ruling circles to smooth over and surmount contradictions is increasing. As a result complex new processes have emerged in the system of interimperialist relations.

### Shifts in the Correlation of Forces

A most important result of the unevenness of development has been the weakening of the positions of the United States in the world capitalist economy. There has been an appreciable decline in this country's relative significance in the gross domestic product and industrial production; its share of international commodity turnover and overseas investments has dwindled. Huge trade and balance of payments deficits have built up. For the first time in the 20th century the United States has become the biggest importer of capital. The sum total of American assets abroad has become less than the value of foreign assets in the United States. This country's dominant position in the currency system of capitalism has been undermined; although the dollar remains the main component of capitalist states' official currency reserves, the diversification of the composition of international liquid resources is increasing.

West Europe has surpassed the United States in terms of the magnitude of gross domestic product (GDP), volume of industrial production and amounts of overseas private direct investments and is the main center of capitalist trade. There has been a sharp growth in the economic and S&T potential of Japan, which has become the second industrial power and the biggest creditor of the capitalist world. The reserve role of the Deutschmark and the Swiss franc and also the Japanese yen is growing. West Europe and Japan have thrown

down a challenge to U.S. economic hegemony.

The West European and Japanese centers have pulled themselves up to the United States in terms of indicators of national economic efficiency, primarily in terms of labor productivity. Whereas in 1951-1955 annual output (in prices and per the official exchange rates of 1982) in the economy of West Europe compared with the United States amounted to 39 percent, and of Japan, 15 percent, in the period 1981-1985 it had reached 69 and 66 percent respectively.

At the same time the process of the weakening of the United States' role in the world capitalist economy is not moving rectilinearly. In certain periods, as was the case, for example, from the latter half of the 1970's through the mid-1980's, the United States has succeeded not only in halting the trend of a deterioration in its positions but also turning it back. Whereas in the period 1961-1973 the average annual rate of increase in GDP constituted 4 percent in the United States, 4.8 percent in West Europe and 9.6 percent in Japan, and of industrial production, 4.2, 5.5 and 12.8 percent respectively, in the period 1974-1979 the average annual rate of increase of the GDP of the United States, the Common Market countries and Japan was the equivalent of 2.6, 2.4 and 3.6 percent, and of industrial production, 2.8, 1.7 and 2.1 percent. By the start of the 1980's the United States had almost managed to restore its positions in the world capitalist economy which it had occupied at the start of the past decade.

Table 1. Share of the Three Centers of the Economy of the Developed Capitalist Countries (% in 1982 Prices and at the Official Rates of Exchange)

	1951-1955			1971-1975			1981-1985		
	GDP	Industrial production	Export of goods & serv.	GDP	Indust. product. of goods & serv.	Export of goods & serv.	GDP	Indust. prod. of goods & serv.	Export of goods & serv.
U.S.	51	50.6	24.9	40.7	38.7	20	40.2*	38.1	16.9
W. Europe	37.5	40.3	59.3	39.9	42.9	62	37.4*	40.7	62.6
Japan	4.7	2.3	2.4	11.8	10.3	7	14.8	13.6	11.1

\* In terms of GDP calculated per the parities of the purchasing power of the currencies in 1981-1985 West Europe surpassed the United States--38.6 and 37.4 percent respectively of the aggregate GDP of the developed capitalist world.

Source: MEMO No 6, 1986, pp 152, 154, 156.

Subsequently, in the period 1980-1986, the average annual rate of increase of the GDP of the United States, the Community countries and Japan equaled 1.9, 1.2 and 4.5 percent, and of industrial production, 1.9, 0.6 and 4 percent. There has been an improvement in the positions of the United States relative to the West European region. As far as Japan is concerned, although its economy has lost its former dynamism (there was an absolute decline in industrial production in 1986), it continued to increase its share of the aggregate GDP, industrial production and foreign trade of the capitalist world.

Nonetheless, it is essential to bear in mind that, despite all the changes in the balance of forces, the American center preserves the leading positions in the nonsocialist economy. It is unlikely that in the foreseeable future any other capitalist country or center of imperialism will deprive the United States of the role of leading economic force of the capitalist world. The United States is outpacing the other capitalist states in terms of the absolute concentration and centralization of production and capital and the power of the industrial and banking monopolies. Under crisis conditions the American TNC have been able to derive the maximum benefits from the international nature of their activity.

The United States has a highly developed intensive-type economy with a more progressive sectoral and reproduction structure than other capitalist countries. It maintains supremacy over its main competitors in terms of the majority of most important areas of S&T development and has moved ahead in terms of the retooling of enterprises and the degree of saturation of the economy with information technology and modern communications systems. The domestic market, on which the overwhelming portion of the products produced in the country is sold, is superior in terms of volume to the market of any other capitalist state. The U.S. economy relies to a greater extent on its own natural resources and is less dependent on imports. The American dollar preserves a privileged position in capitalism's international currency system. Manipulation of its exchange rate and the interest rate is employed actively by the United States in the struggle against competitors.

The weakening of the positions of West Europe in the latter half of the 1970's-start of the 1980's is largely explained by the higher proportion of the "old," traditional sectors of industry than in the two other centers--structural crises affected this region more severely. In addition, a lag of West European industry was revealed in the creation of the newest sectors and industries--industrial microelectronics, information science and production of new materials--which are the basis of the restructuring of the economy. A substantial outflow of resources to the United States, where a high interest rate had been established, contributed to the deterioration in West Europe's position. Such a factor of the weakness of the West European center as the incapacity to overcome the comminution of its industrial and S&T potential came to be reflected more strongly.

An intensive regrouping of forces can be observed in this region itself: the leading position has been occupied by the FRG, and France has in terms of many indicators overtaken Great Britain. The latter, in turn, is being pressed hard by Italy (see Table 2). There has been a sharp exacerbation of the struggle between West European firms; their cooperation with transatlantic monopolies, which offer them advanced technology, has expanded.

Table 2. Share of Countries in the Economy of West Europe (% in 1982 Prices,  
at the Official Rates of Exchange)

	1951-1955			1971-1975			1981-1985		
	GDP	Industrial prod.	Export of goods & serv.	GDP	Industrial prod.	Export of goods & serv.	GDP	Indust. prod.	Exp. goods & ser
FRG	19.5	22.6	15.7	22.3	26.6	21.5	22.5	26	20.8
France	15.7	14.9	11.1	17.5	16.8	12.7	18.2	16.7	12.9
G. Brit.	24.8	30	31.7	17.5	18.6	16.6	16.3	17.2	13.4
Italy	9.9	7.2	3.8	11.3	11.2	10.8	11.8	11.8	9.6
Small countr.	30.1	25.3	37.7	31.4	26.8	38.4	31.2	28.3	43.3

Estimated from MEMO No 6, 1986, pp 152, 154, 156.

In this situation the processes of consolidation of the West European power center have decelerated. Economic nationalism has come to be manifested increasingly perceptibly within the Community. The enlargement of the Common Market with less developed South European countries has intensified the trend toward stratification.

At the same time the strength of the West European center's resistance to the American and Japanese centers cannot be underestimated. In the past 15 years the number of participants in the Common Market has grown from 6 to 12. The process of formation of a vast zone of the free trade in industrial commodities encompassing the majority of countries of the West European region had been completed by the end of the 1970's. The number of African, Caribbean and Pacific (ACP) developing states associated with the Community has at the present time reached 66. West Europe has not reconciled itself to the loss of its economic positions. It is also attempting to prevent an intensification of the technology lag behind the United States and Japan.

An intensive streamlining of old and a stimulation of new, science-intensive sectors of industry have been taking place in West Europe in the 1980's. The cooperation of firms of the region in the sphere of electronics (the ESPRIT program) and aerospace industry (the Ariane rocket for satellite launches has been built) is expanding, and their military-engineering joint labor is intensifying. Since 1985 companies of 19 West European countries have been participating in realization of projects of the Eureka program, which is intended to strengthen regional S&T relations.

Great attention is attached in West Europe to a stimulation of integration activity. A program for the removal of the numerous internal barriers which exist in the Community in order by 1992 to have created a common commodities, manpower, services and capital market was approved at the end of 1985. Realization of this plan, its leaders intend, is to strengthen West Europe's positions.

The positions occupied in the capitalist system by Japan have undergone particularly big changes. Following the defeat in WWII, it had in terms of economic development level been thrown back approximately a quarter of a century. But it subsequently developed at the highest rate among the main capitalist states and in a short period, from 1963 through 1969, outflanking France, Great Britain and the FRG, reached second place in the capitalist world in terms of production volume. Japan is outpacing these countries in

terms of the intensity of structural transformations and realization of the achievements of the S&T revolution, becoming a center of world S&T progress. The country's strong positions are reflected by the enormous and stable surplus foreign trade balance. It has become the biggest net creditor of the capitalist world. The positions of the yen have strengthened noticeably. Not without reason Japan has come to be called in the West a "great economic power".

An alignment of the economic development levels of the centers of imperialism may be observed. In terms of average per capita amount of GDP the United States was at the start of the 1950's superior to its rivals (the other capitalist countries taken together) by a factor of 2.5, but at the start of the 1980's, only by a factor of 1.4. Per capita GDP in West Europe (per currency purchasing power parities) constituted in 1951-1955 in relation to the U.S. level, taken as 100, 44, but in 1981-1985, 69; in Japan, 20 and 86 respectively. In other words, Japan has outpaced West Europe by a factor of more than 1.2 in terms of this indicator, and the lagging of both centers behind the United States has diminished appreciably.

The rapprochement process does not testify to a removal of unevenness, on the contrary, the alignment is stimulating it. Given the comparatively small differences between the development levels, the possibility of overcoming a gap and outflanking rivals becomes more realistic. A consequence of this has been an intensification of the struggle in all areas of imperialist rivalry, the unprecedented interweaving and mutual intensification of all groups of its contradictions and the unfolding of a new stage of the struggle for the economic redivision of spheres of influence.

#### The 'Second Economy' in the Context of Unevenness

The S&T revolution and the internationalization of economic life are determining one further "section" of unevenness--the preferential growth of the foreign economic sphere of capitalism compared with the domestic economic sphere. In turn, the rate of development of the various constituents of this sphere is dissimilar; virtually the most dynamic and important change in terms of consequences have been the intensification of the migration of capital and the entire set of problems connected with the formation in the capitalist world economy of the sector, of tremendous scale, under the jurisdiction of the TNC.

As of the 1960's the overseas production of the monopolies came to be a principal weapon of the struggle for world markets. A qualitative leap forward occurred at the start of the 1970's, when for the first time in the history of capitalism the total volume of production at the overseas enterprises of the TNC proved greater than the exports of commodities from their home countries. By the start of the 1980's overseas production exceeded exports from the territory of the United States fivefold, of Japan, by 40 percent, and in West Europe, by more than one-fourth.

Currently the TNC are engaged in an economic redivision of the capitalist world, relying increasingly on the power of "national" state-monopoly capitalisms. The more this is happening, the greater the scale of the

expansionist activity of the international monopolies is determining the balance of forces in the nonsocialist world. The domination of the TNC is leading increasingly often to the outflow overseas in the search for higher profit of capital necessary for the modernization of the economy and a brain drain and increasing the gap in the levels of development of individual capitalist countries and regions. At the same time, however, the improvement of intrafirm planning and the extension of the network of cooperation agreements between TNC are contributing to a certain extent to the "smooth ride" of production and smoothing over regional, country, sectoral and other differences. As a whole, the international corporations are becoming a most important catalyst of the unevenness and alignment of the development of capitalism.

As a result of the growth of the "second economy," by which is understood the complex of overseas enterprises of TNC with their production, which is huge in terms of its scale and force of impact on the capitalist economy, the actual correlation of forces between capitalist countries is corresponding increasingly less to the size of their GDP and industrial production. The GDP of capitalist states reveals the economic power of the complexes located within them. This indicator includes, however, "alien" products and, consequently, value, which, although created in these states, do not in fact belong to them. They represent the property of foreign enterprises and are a continuation, as it were, of the economy of the home countries. In turn, part of the gross product of the latter proves to be under the control of other state-exclusive finance capital. The unification within the framework of the TNC of previously discrete phases and sectors of production is leading to an increasingly large part of the social product circulating within them. A complex intermingling of the "main" and "second" economies of the capitalist countries is taking place.

The formation of vast "second economies" and the conversion of substantial segments of the capitalist countries' markets into domestic markets of foreign TNC pose questions concerning the "real economic boundaries" of the state-exclusive imperialisms and the delineation of their domestic and foreign markets. "Thus," as V.I. Lenin wrote, "the question naturally arises as to where the boundary between the domestic and foreign market lies. Taking a state's political boundary would be too mechanical a solution, and is this a solution?" (1).

Obviously, the basic indicator of the actual potential of the "second economy" should be the amount of direct overseas investments, which by the mid-1980's had risen to almost \$600 billion. Consideration of the scale of overseas investing and production makes appreciable adjustments to the notion of the actual positions of countries and power centers in the modern world. What an appreciable addition to their power is being acquired by the imperialist centers may be traced in the example of the United States. By the start of the 1980's the relationship of the value of the product of overseas enterprises to the American GDP was in excess of 40 percent. The size of the American "second economy" is two-three times greater than the economy of the FRG, Britain and France, yielding merely to Japan. The relative power of the "second economy" of West Europe and, particularly, Japan is appreciably less--the value of the product of the overseas affiliates of TNC in relation to GDP is approximately

30 and 15 percent respectively.

Table 3. Direct Overseas Investments (Balance Sheet Value at Year's End)

	\$, Billions				%			
	1960	1973	1980	1984	1960	1973	1980	1984
United States	31.9	101.3	213.5	233.4	59.4	51.6	47.7	41.2
West Europe	21.5	84.8	197.2	262.2*	40	43.2	44.1	46.2*
Japan	0.3	10.3	36.5	71.4	0.6	5.2	8.2	12.6
Total	53.7	196.4	447.2	567	100	100	100	100

\* Estimate based on calculations of V. Pripisnov, associate of the USSR Academy of Sciences IMEMO.

Estimated from MEMO No 7, 1984, p 24; "Japan 1986. An International Comparison," Tokyo, 1986, pp 56, 58.

The rapid growth of the "second economy," being a manifestation of the growing international socialization of production, is contributing to a further breakdown of national barriers and the smoothing over of the singularities and differences of national state-exclusive imperialisms. There are common regularities of the development of capitalism, which in a situation of the growing internationalization of the productive forces are leading to the "rapprochement" of the structures of the economy of all capitalist states. It should be added to this that the strongest imperialisms impose their model of development and their hierarchy of values on others. In this sense the "second economy," transplanted into the economy of other countries, plays the part of a Trojan horse--the undermining of the traditional foundations of the vital functions of "others'" economic and political organisms contributes to the weakening and removal of competitors. At the present time the greatest activity in this plane is being manifested by American imperialism, which possesses the most extensive network of overseas enterprises.

However, the trend toward the "dissolving" of national economies in the world capitalist economy and the erosion of the boundaries between sums of state-exclusive finance capital is being opposed by a countertrend toward their consolidation. Capitalist ownership relations leading to an intensification of the contradictions between national imperialisms are the basis thereof. The capitalist state is endeavoring to create on the territory over which it has jurisdiction the conditions the most conducive to the activity of its own TNC, at the same time, on the other hand, facilitating the conditions of their overseas expansion. Simultaneously it is attracting foreign capital or, on the contrary, curbing its penetration of the national economy depending on its own strategic goals.

However far the S&T revolution and the internationalization of the productive forces, "world alignment" and the leveling of the economic and living conditions in different countries under the pressure of big industry, exchange and finance capital have gone, "the difference remains considerable" (2), for all that. Nor has any "median" type of state-exclusive imperialism arisen. The most diverse models thereof exist: American, West European (West German,

French, British, Italian and so forth), Japanese, Canadian, Australian. Their distinctiveness has roots which have deeply penetrated national soil; it reflects particular features of the historical development and economic, political and social conditions of a given country, the vitality of national traditions and the actual correlation of class forces.

The introduction by the imperialist centers of "economy No 2" into the living fabric of others' economies affords them considerable economic and political levers of pressure on their competitors. Unconcealed use is made of this primarily by the United States. At the same time the "second economy" by no means always strengthens the main economy and sometimes weakens it since it is based on the export of capital, which in many cases undermines the possibilities of the economic development and structural reorganization of the home countries of the TNC. In addition, the latter contribute to a certain extent, if only indirectly, to the modernization of the production machinery of other developed countries or the industrialization of emergent countries. The result of these processes is the emergence of a new knot of contradictions between the TNC and the national-state form of the organization of society and the conversion of the "second economy" into an important weapon and simultaneously "field" of competitive struggle.

#### Changing Configuration of Forces

Under the conditions of the S&T revolution and the internationalization of economic life the effect of the law of unevenness within the nonsocialist world has a considerably wider spatial framework than in the past. It has encompassed the emergent countries. The dynamic correlation between the capitalist center and its periphery has changed (3).

The winning of political independence by the emergent countries contributed to an acceleration of their development. Considerable qualitative changes have occurred in the position of these countries in the capitalist system and the nature of their relations with the imperialist centers. While remaining the exploited part of the world capitalist economy, the young states have at the same time gone forward and departed noticeably from the old colonial division of labor. Under the conditions of the changing correlation forces in favor of socialism and in line with the growth of national productive forces the developing countries have changed from objects into subjects of international relations; for the first time in history they have acquired an opportunity to resist the imperialist diktat and strive for a restructuring of the system of economic relations.

Another important process has been ascertained also--the appearance and deepening of the differentiation of the emergent states. A group of countries developing by the noncapitalist path which have proclaimed as their goal the building of socialism has separated out. The internal and external conditions of the development of individual emergent states differ; the process of industrialization of their economy is taking place unevenly; the rate of capital accumulation and labor productivity growth is dissimilar; these states' degree of provision with raw material varies. Given favorable conditions, individual developing countries are switching from one category to another: agricultural countries are becoming agrarian-industrial or

industrial-agrarian, and some of them have approached the "threshold" beyond which they will cease to be regarded as developing states.

As a result of the unevenness there is a certain rapprochement of the structures of the main spheres and sectors of the center and the periphery of world capitalism. However, it is not a question of alignment since the kinship and similarity of the structures of the economy of the two subsystems of the capitalist economy are purely outward; they conceal tremendous differences in science intensiveness, availability of skilled personnel and efficiency of production. The S&T revolution is sidestepping, as it were, the majority of emergent countries, which is being consolidated by the neocolonialist policy of the imperialist centers of stimulating in the developing countries dependent, peripheral capitalism. The question of the paths of the further development of this group of countries and a change in the nature of relations with the main power centers has for this reason become very acute under current conditions. The constant changes in the correlation of forces are exacerbating the struggle for the economic redivision of the capitalist world and the increased political influence of each center primarily in the emergent states and territories. For example, Japanese capital is intensively penetrating Latin America--the "patrimony" of American imperialism--primarily Brazil. The American monopolies are cementing their positions in the economy of Taiwan and the Philippines, where the Japanese center has great influence. Active rivalry with the American monopolies in Latin America is being conducted by West European capital. It has close relations with ASEAN, which is in the zone of Japanese influence.

Despite the fuzziness of the picture and vari-directional intersecting of the interests of the centers of imperialism in this region or the other, the crystallizing out of a "periphery" of each center shows through clearly enough (4). It is possible with a certain amount of conditionality to speak of the nonsocialist states of America as a zone with the predominant influence of the United States, the African and other countries which signed the Lome conventions and the Mediterranean states, of the EC, and certain countries and territories of the Pacific, of Japan (see Table 4).

Table 4. Spheres of Predominant Influence of the Main Centers of Imperialism (1983)

Imperialist center	Regions, countries, territories in spheres of predominant influence	Population (millions)	GDP (\$, billions)
United States	Nonsocialist countries of Latin America, Canada	401	1,480
West Europe	Developing countries of Africa, the Caribbean and the Pacific which signed the Third Lome Convention	384	243
Japan	ASEAN, South Korea	308	287

Calculations of A. Fedorovskiy, associate of the USSR Academy of Sciences IMEMO.

Granted the certain approximation of the adduced calculations, they provide an idea of the economy of the countries and territories pulled into the orbit of each of the main centers of imperialism. The United States possesses the most extensive periphery. The population and GDP of the regions and countries which are incorporated in the zones in which the economic influence of West Europe and Japan is predominant do not differ from each other all that much.

The periphery is a broader concept than "second economy". The latter provides an idea of the positions of the countries and centers primarily and predominantly in the sphere of overseas investments and production. The evaluation of the periphery should touch on not only the export of capital and the scale of the "second economy" but also relations in respect of other areas of world economic relations with regard for their geographical concentration: the military-political aspects of relations are included here also.

The periphery develops in close dependence on "its" center of imperialism and in a certain unity with it. Relations of asymmetrical interdependence occur between them, as a whole.

In some regions of the periphery (the Asia-Pacific, for example) economic development is taking place at an accelerated pace, in others, Africa, say, it is proceeding relatively slowly or encountering very serious difficulties (Latin America). The dynamically developing periphery of the Japanese center of imperialism is, obviously, strengthening it relatively to a greater extent than the African periphery is strengthening the West European center. The zone of predominant economic influence is beginning to play the part of a kind of reserve for a certain center. For example, a number of states and territories of the Asia-Pacific region acts as an important raw material base and, to an even greater extent, as a potential reserve of a strengthening of the positions of the Japanese center in the future. The same may be said about their significance for the United States also.

If the economy of the group of developing states forming the periphery of this center or the other has for quite a long time been developing more rapidly than the capitalist economy as a whole, it may be spoken of as a zone of intensive economic activity. Integration processes, which are gaining momentum among, for example, the states of the Pacific region and in certain economic groupings of Latin America, are contributing to a large extent to the formation of such zones. In our opinion, the oil-producing countries of the Persian Gulf and the "new industrializing countries" of the Far East and Latin America may be attributed to zones of intensive economic activity.

The countries which have spurted ahead or which play the predominant part in the zones of intensive economic activity call attention to themselves there. Regional centers of capitalism can and must be distinguished from this viewpoint. Saudi Arabia, which has replaced Iran in this, is beginning to play such a part in the Near and Middle East, Brazil in Latin America (partially Mexico and Argentina), India and Indonesia in Asia, and Nigeria, with certain reservations, in Africa. They are endeavoring to multiply their influence in neighboring countries in territorially close parts of the world.

The position of Australia and Canada merits special study, we believe. On the

one hand these are imperialist countries with a highly developed economy, major national monopolies and a financial oligarchy and an evolved mechanism of state-monopoly regulation. The monopoly capital of Canada and Australia participates actively in the interimperialist struggle for a redivision of spheres of influence, primarily in the Pacific. Australia, for example, is in fact creating its own sphere of influence, incorporating New Zealand and the small states and territories of Oceania.

At the same time, however, Canada and Australia occupy an unequal position in relation to the main capitalist countries, primarily the United States and Japan. They serve as targets of the expansion of American and Japanese monopolies and play a very important part in the global strategy of the American and Japanese centers of imperialism.

At the same time, as the positions of Canada and Australia in the system of interimperialist relations strengthen and they become new poles of economic power of capitalism these countries will increasingly actively lay claim to "power center status". Whether they will become new centers of imperialism and centers of economic power or will perform some other role it is difficult to day.

The incipient centers should be regarded as yet as secondary centers in relation to the main ones. Much is still unclear here. For example, to which main center of imperialism should we attribute the strengthening group of countries and territories of the Asia-Pacific region, where the positions of both the United States and Japan are strong? How to evaluate the new center of rivalry taking shape in Latin America, where the influence of the United States is predominant?

#### Uneven Development: Interaction of Economic, Political and Military Factors

An essential noncoincidence in the economic, international-political and military-political status of the capitalist states is frequently observed under current conditions. Only a comprehensive analysis could provide a real picture of the position of this center of imperialism or the other and individual capitalist countries in the world. The leading role is performed by economic indicators, however, it would be wrong to absolutize them and underestimate the importance and independence of political factors: the correlation of forces in politics could adjust very considerably the overall balance of forces, in the economic sphere included. The political sphere of relations, secured by a system of agreements and commitments between states, is subject to less abrupt changes than the economic sphere. Ultimately it reflects the changes in the correlation of forces in the economy, but in indirect form and with a pronounced delay.

Let us examine the significance of economic and political factors in the example of such major imperialist countries as Japan, the FRG and Great Britain. The last of the three has the largest amount of overseas investments and overseas production, which takes the role of British imperialism in the modern world far beyond the framework of indicators of national economic development. However, it is restricted appreciably by the fact that a compact group of peripheral states cannot be clearly discerned for Great Britain. In

other words, a considerable amount of Great Britain's "second economy" is "blurred" in a large number of states and territories, primarily of the Commonwealth, although in some of them, in Africa and Asia in particular, the positions of British imperialism are still strong.

A different picture unfolds when projecting these problems onto Japan and the FRG. The corresponding analysis makes it possible to answer the fundamental question of why Japan is seen as a main center of imperialist rivalry, and the FRG not, although in terms of a number of indicators of economic development it is not inferior to or is ahead of Japan even.

At this time the economic and S&T potential of the FRG is appreciably greater than that which Japan possessed at the frontier of the 1970's, that is, when it had come sufficiently visibly to play the part of a center of imperialism. The FRG is ahead in terms of the volume of foreign trade turnover and is practically not behind in terms of the scale of overseas business activity. In international payments the Deutschmark has a more substantial status than the Japanese yen.

A similar position may be observed in the foreign policy sphere also. The FRG is a principal member of NATO, pursues an active foreign policy, primarily within the EC framework and plays an important part in the complex of East-West international relations. It would hardly be wrong to say that the FRG's foreign policy is firmly based on its economic possibilities. The country has significant armed forces performing a pivotal role in the West European region and the NATO bloc and considerably superior to Japan's armed forces in terms of numbers and combat equipment. True, there is a substantial contingent of American armed forces and also a large number of bases and other military facilities on West German territory. However, armed forces of the United States are stationed in Japan also, that is, in this respect the two countries are virtually "equivalent".

Thus in many respects the FRG is not from the economic and military-political viewpoints inferior to Japan, nonetheless, the latter acts as a center of imperialism, while the FRG does not play such a part. I believe that this is explained by the fact that Japan has a considerable periphery in the form of a group of states and territories of the Pacific which are very strongly economically dependent on it. They have considerable potential, which is in many respects oriented toward the Japanese economy. The economic center of present-day capitalism is gradually moving to this region. Its political authority is growing rapidly. Japan's economic influence extends far beyond its own country and is today an essential factor of the situation not only in the Pacific but in the world capitalist economy as a whole.

The FRG lacks a precisely expressed group of states which are dependent upon it. If even the neighboring EC countries of the Benelux, which are oriented to a considerable extent toward the West German economy, are attributed to it, even in this case the corresponding relations are more of an interconnected nature within the framework of the EC's intraregional relations than of the nature of center-periphery relations. Profound involvement in integration processes is limiting the FRG's economic influence on countries outside of the West European region. In other words, compared with Japan, the FRG economy is

more regional than global. Whence it is understandable that although the FRG has in a number of instances even higher indicators of foreign economic activity than Japan, these indicators are "composed" primarily thanks to the West European region and are to a considerable extent limited by it.

Finally, for specifying the differences in the positions of the two countries in the modern world it is necessary to study the system of military-political agreements within whose framework they operate. Since WWII the FRG has to a greater extent than Japan been bound by the corresponding agreements. Military contingents of the United States, Britain, France and Canada and American nuclear weapons are deployed on its territory. The FRG plays the part of leading outpost of the NATO bloc in its confrontation with the Warsaw Pact countries. The system of the 1954 Paris agreements and the General Treaty impose on the FRG restrictions in the military and political spheres which affect its sovereignty.

Japan also acts on the international scene in a certain system of military-political agreements, the central one of which is the Treaty of Guarantees of Mutual Security With the United States. However, the treaty is of a bilateral and not multilateral nature. It does not contain such limitations of Japan's sovereignty as for the FRG in the General Agreement and so forth.

All this appreciably distinguishes the position of the latter in international affairs from any other major capitalist country, including Japan, and determines to a considerable extent the specifics of its foreign policy course. Under these conditions the FRG is not in a position to play the part of an independent center of imperialist rivalry, although it possesses considerable economic, S&T and also military potential. At the same time it is important to bear in mind that the FRG is endeavoring to take advantage of its economic superiority to its EC partners and thus realize its "power center" aspirations in West Europe and in the capitalist system as a whole. In addition, in the future, as the current structure of the international agreements "fettering" the FRG is eroded, its conversion into an independent center of imperialism and the emergence of a new structure of interimperialist relations, in which the United States, Japan and the FRG call the tune, cannot be ruled out.

Inclusion in the analysis of political criteria elucidates one further group of questions. The "great power" concept is applied to the United States, Great Britain and France. Yet only the United States among them is a center of imperialism. At the same time, however, Japan, which lacks "great power" status, plays the part of such a center. In other words, there is a discrepancy between the concepts in question, and they fail as clearly as can be to coincide with one another.

As far as Great Britain and France are concerned, they have "great power" status embodied primarily in their permanent membership of the UN Security Council. These countries acquired this status as a result of participation in the anti-Hitler coalition, contribution to the allies' common victory and the actual correlation of forces which had taken shape in the course and after WWII. Subsequently, as a result of the unevenness of development, there was a weakening of the positions of France and, particularly, Great Britain in the

world capitalist economy. Political factors primarily are contributing to the situation where these two countries are attributed, as before, to the "great powers," despite the relative weakening of their economic power.

Indicators of a military nature constitute an independent and highly important group. Without going into a special analysis of this problem, we would note that the picture is ambiguous here. Some indicators and trends testify to a relative strengthening of the West European and Japanese centers, others, the American center, but as a whole, to the uneven development of this sphere of capitalism also.

Nonetheless, the changes in the sphere in question have not yet acquired qualitatively new content. The military hegemony of American imperialism in the "triangle of forces" is undisputed. The United States continues to possess overwhelming military superiority in the capitalist world. Washington spends on R&D connected with new types of arms three-four times more than its NATO allies together. The correlation in arms trade between the United States and West Europe constitutes 8:1. The United States has created a global network of military bases and facilities. There are at the present time 1,500 such in 32 states, at which more than 500,000 American servicemen are permanently stationed. The United States' military appropriations were in excess of \$300 billion in 1986 and constitute more than half the corresponding expenditure of the NATO countries.

The United States has largely succeeded in taking advantage of its military superiority to strengthen its positions in relation to the two other centers. Military strength is therefore one of Washington's most important trump cards in its claims to the role of leader of the capitalist world.

The uneven development of the imperialist states and their centers is manifested clearly in the nonconcurrence of their economic, political and military importance. A struggle between them is under way constantly--in some for preservation of the discrepancy which is beneficial to them, in others, for its elimination and for the alignment of the political and military roles with economic potential or vice versa. A principal cause of the exacerbation of contradictions between West Europe and the United States is the nonconcurrence between the role of the West European region in the world economy and its political role. Whereas in the sphere of world economic relations these two centers act more or less as equal partners, in the sphere of political relations, military-political mainly, West Europe continues to depend on the United States. Nonconcurrence in economic and military-political status is characteristic of the leading West European states also--for the FRG economic possibilities are predominant over political and military possibilities, the reverse picture being observed for Great Britain and France. Japan, which is endeavoring on the basis of its economic power to play a more substantial part in the world, specifically, to become a permanent member of the UN Security Council, and, as a whole, to achieve "great power" status, stands out.

As far as the United States is concerned, its political and, particularly, military possibilities far exceed its diminishing role in the economic sphere and enable the leading capitalist power, as the 27th CPSU Congress observed,

to play the part of "metropolis of imperialism". It is fair to emphasize in this connection that the correlation of forces among the main centers is determined not least by the nature of the international situation. Under conditions of an exacerbation thereof there is an objective strengthening of the positions of the United States. In such a situation it is easier for Washington, appealing to the "community of aims of the West," to direct centripetal trends into the channel of the strategy of American imperialism. On the other hand, in periods of detente--and the course of events of the 1970's is a convincing indication of this--there is increased freedom of maneuver for West Europe and Japan.

The particular features of the law of unevenness under the conditions of the S&T revolution and internationalization analyzed above lead to the general conclusion concerning its increased impact on the entire development of capitalism. On the one hand unevenness, heightening competition, is contributing to an acceleration of S&T progress and increasing mobility and adaptability to changing conditions. This aspect of unevenness should not escape scholars' field of vision; attention to it was drawn by V.I. Lenin, emphasizing "the strikingly rapid development of capitalism in individual sectors of industry, in individual countries and in individual periods" (5). The 27th CPSU Congress confirmed with all certainty in its documents the said specifics of the development of capitalism.

On the other hand, unevenness, which has assumed a spasmodic nature, is exacerbating extraordinarily all the contradictions of the capitalist system and intensifying its general crisis, inexorably leading to the decline and departure of capitalism from the historical scene.

In the unity of the above-mentioned aspects unevenness, intensifying the contradictions of capitalism, is forcing it to develop and overcome these contradictions in the soil and within the framework of the capitalist formation, but in the course of the world-historical process of man's transition to socialism.

#### FOOTNOTES

1. V.I. Lenin, "Complete Works," vol 3, p 595.
2. See ibid., vol 27, p 378.
3. For formulation of this question in comprehensive form see MEMO No 12, 1980, pp 28-47.
4. A.N. Yakovlev defines the periphery of each center of imperialism as a "regional economic zone" and "neocolonial zone" (see KOMMUNIST No 17, 1986, p 9).
5. V.I. Lenin, "Complete Works," vol 30, p 164.

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## OVERVIEW OF JAPAN'S MILITARY-INDUSTRIAL COMPLEX

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 7, Jul 87 (signed to press 15 Jun 87) pp 33-47

\Article by V. Leshke and I. Tselishchev: "Particular Features of the Formation of the Military-Industrial Complex in Japan")

\Text} Compared with the other major capitalist countries the process of the formation of a military-industrial complex in Japan is of a more complex and contradictory nature. Together with the factors which were at the basis of the appearance of MIC in the United States and the West European states certain countertrends with clearly expressed national specifics operate here.

The particular features of the postwar settlement exerted a big influence on Japan's political and economic development. They were the reason to a considerable extent for the views on the role of military power in securing a country's national interests nontraditional for the ruling circles of a bourgeois state and the birth of the concept known in Japanese and Western literature as "economism" or the priority of economic development.

Naturally, all this had to have been and was reflected in the development of individual components of the MIC, the nature and forms of their interrelationships, degree of maturity and scale and mechanism of influence on the country's economy and policy.

### Political and Economic Conditions of the Formation of the MIC

Following the smashing of militarist Japan, its army and navy were demobilized, and the general staff, war and naval ministries and other military establishments and organizations were liquidated. The financial-monopoly groupings ("zaibatsu"), which had played the predominant part in the economy as a whole and in military industry, were dissolved simultaneously with this. A ban on the manufacture of weapons, ammunition and aircraft equipment and the building of warships came into effect in October 1945.

The collapse of militarism led to profound changes in the mass consciousness of the Japanese. An antiwar mood, which was a serious factor influencing the formation of the political course of the country's ruling circles, became widespread. The wording of the new constitution which came into force in May

1947 included the special article 9. It said: "Sincerely aspiring to international peace based on justice and order, the Japanese people renounce for all time war as a sovereign right of a nation and also the threat or use of armed force as a means of settling international disputes. To achieve the goal indicated in the preceding paragraph army, naval and air forces, as, equally, other weapons of war, will never be created henceforward" (1).

However, as of the end of the 1940's even, in accordance with the tendencies of the "cold war," another trend, which subsequently became predominant, was determined--toward Japan's conversion into a military-political ally of the United States.

The existence of the two opposite trends served as the point of departure for the formulation of the entire postwar economic and political strategy of the ruling circles. As a result it was decided primarily to provide for accelerated economic growth, which would make it possible in a short time to stabilize the domestic political situation and in the future to strive for a strengthening of Japan's international positions. The creation of a powerful economy capable, if deemed necessary, of becoming the base for extensive remilitarization, was regarded as official strategic policy.

This policy by no means signified the ruling circles' abandonment of realization of the current plans of a buildup of military power. It merely determined the hierarchy of national tasks and the scale and pace of rearmament. Given the appropriate ideological and legal support for military policy, this line made it possible to create the appearance of compliance with the provisions of article 9 of the constitution and at the same time to consistently undertake a buildup of military-political power. The role of the state here amounted, in particular, to a careful consideration of the limits movement beyond which would be fraught with undesirable economic and foreign policy consequences or a weakening of the conservative forces' control over the development of the domestic political situation in the country.

The said restrictions created many difficulties for the ruling circles, making the adoption of any in any way significant decision pertaining to military questions (an increase in the authorized strength of the "Self-Defense Forces" by 1,500-2,000 men, for example, or the installation of bombing gear on F-4 fighters) a subject of acute and prolonged domestic political struggle, in the course of which the opposition forces frequently managed to put up effective resistance to the plans for an acceleration of the process of Japan's militarization.

At the same time, however, the wide-ranging official measures pertaining to legal support for military policy (new interpretations of legislative and administrative provisions, various exceptions and deviations, subtle casuistry in the exposition of the government's "common viewpoint" on this question or the other) gradually led to the emasculation of the meaning of the restrictions. Their existence was no obstacle to the subsequent buildup of Japan's military power.

At the same time the restrictions, whose actual content largely depended on the specific steps of the government, made it possible to counter the

inordinate, from the viewpoint of the ruling circles, internal pressure (from the right) and the pressure on the part of the United States and created a highly convenient framework of an optimum policy for them of the organizational development of the armed forces and the development of military industry.

The main direction of military organizational development was the creation of numerically small, but highly mechanized "Self-Defense Forces" possessing considerable firepower and capable of tackling operational and tactical assignments within the framework of the Japanese-American "security" system and, if necessary, serving as the basis for the development of full-scale armed forces. Japan's current long-term military program, which was adopted in October 1976, is constructed on this concept.

Another important direction of government policy is the creation of a modern military industry. The manufacture of weapons and combat equipment under the conditions of relatively small-series production makes for the high costs of the military product. However, despite this, even given the existence of budget problems, the ruling circles are giving preference to domestic production (it caters for approximately 90 percent of the orders of the National Defense Agency). At the same time, however, the state is placing strict limits on the scale of military R&D, orienting industry toward the extensive introduction of foreign, primarily American, technical experience.

The government is taking advantage of relations with the United States to augment the country's military-economic power. Its gratis and reimbursed "assistance" in the 1950's and 1960's afforded Japan an opportunity to create with the minimal outlays the framework of its own armed forces. The fulfillment of American military orders made for the lifting of the ban on military production. The use of American technology contributed to Japan's creation in a short time of a progressive military industry catering for the basic requirements of the "Self-Defense Forces". The military program in effect currently is also being implemented on the basis of close cooperation with the United States.

Together with political factors importance for an understanding of the specifics of the formation of the MIC is attached to the particular features of Japan's postwar economic development.

The economic situation of the 1950's-1960's as a whole was not conducive to arms production. At this time, which is known in literature as a period of the high growth rate of the Japanese economy, the rapid and broad-based replacement of fixed capital, the formation of a set of modern industrial sectors and the pronounced growth of the population's income brought about the rapid expansion of domestic demand for civilian products of both investment and consumer purpose. The low level of military spending essentially corresponded to the interests of the majority of Japanese companies inasmuch as it contributed to the concentration of material and financial resources in the spheres of production and personal consumption, which stimulated capital accumulation, modernization of the production machinery, a growth of the scale of the domestic market and increased international competitiveness.

It may boldly be said that Japan's conversion by the start of the 1970's into the second industrial power of the capitalist world and the considerable strengthening of its positions on world markets was closely connected with the relatively low level of militarization of the economy. Nonetheless, this by no means signifies that Japanese firms failed to display an interest in military production or that the military products market had no influence at all on the development of national industry.

Work on contract for the American armed forces at the time of the United States' aggression in Korea and Indochina contributed to a certain section of the Japanese monopolies beginning to look increasingly actively for ways to organize broad-based military production on a regular footing. These efforts bore fruit, despite the tremendous difficulties of competing with American corporations, which undertake arms production on an incomparably greater scale and which have, as a whole, a higher technical level. Military production in the country began as of the 1950's to expand at a pace not inferior to that of industry as a whole.

#### Military Sphere of the Interaction of the Monopolies and the State

At the present time basically the components which constitute the MIC of the United States and the West European countries are taking shape in the political and economic structure of Japan: the arms-producing monopolies, the military bureaucracy, the top brass, militarized science and a military-ideological machinery. At the same time, however, the degree of "maturity" of the different components is far from identical.

The military sector of the economy of present-day Japan may provisionally be divided into two components. The first is the production of arms and military equipment to the orders of the National Defense Agency (NDA), the second, the manufacture of materials, components and equipment and also the development of the technology used by foreign arms manufacturers, American primarily. National statistics take into consideration only the first. Yet, as will be shown, supplies overseas of military products and the technology of their manufacture are becoming increasingly prevalent in Japan as a principal direction of the militarization of the economy.

The production of arms and military equipment to NDA orders is relatively small. It accounts for approximately 0.5 percent of the country's total industrial product. The absolute volume, however, appears quite impressive: in 1982 it was in excess of the 1 trillion mark, amounting to 1,051,600,000,000 yen (2). The military products market is of considerable significance for some sectors of industry (aircraft manufacturing, for example).

The country has more than 2,000 arms-manufacturing companies registered with the NDA Supply Department as general contractors (3). In addition to them there is a tremendous number of small subcontracting enterprises producing individual units, parts and components of the end product.

At the same time, however, in the 1984 fiscal year the 10 biggest producers accounted for 65 percent of the sum total of contracts for supplies of arms and military equipment for the NDA. The undisputed leader is Mitsubishi

zukogyo (21.4 percent)--a company which with every justification is called in Japan the "arsenal of the NDA". It is the major supplier of various types of arms and military equipment for all services of the armed forces (4).

A feature of military industry is, however, the fact that only a few comparatively small companies (Nihon Hikoki, Sumitomo seimitsu kogyo, Asahi seiki kogyo and a number of others) which are not among the main suppliers of the NDA are distinguished by a high degree of dependence on military production. The main general contractors, on the other hand, are major monopoly corporations of general and transport engineering and electrical engineering industry producing a tremendous quantity of different types of commodities, among which military products occupy far from the main place. Thus in the 1982 fiscal year military products constituted 17 percent of the aggregate sales of Mitsubishi zukogyo, 14.3 percent of Kawasaki zukogyo, 10.6 percent of Ishikawajima-Harima zukogyo and approximately 10 percent of Nihon seikosho (5).

The volume and structure of military production are limited to a considerable extent by official policy in the field of arms exports. Whereas in the civilian sectors of the economy the government has until recently accelerated exports and provided for strict protectionist defense of the home market, a different picture has taken shape in the military sphere: a gradual transition from arms and military equipment imports to the development of domestic production given a simultaneous tightening of export controls.

The restrictions introduced in 1976 by the T. Miki government, which are officially preserved at the present time also, imposed a complete ban on exports of arms and the equipment for their production, although left open the possibility of exports of "dual purpose" products. The main significance of this prohibition is that it prevents the enlistment of Japanese companies in the acute competitive struggle on the international arms market with highly illusory prospects (if we bear in mind the incomparably greater process stock already created by American and West European producers, their more substantial technical experience and the support which they receive from "their" states). This would inevitably entail a diversion of forces and resources from the civilian sectors of the national economy and could lead to the undermining of general competitiveness.

In addition, the ban on arms exports puts the state in the position of sole client of military products, securing for it thereby strong positions at the time contracts are concluded. Thanks to this, it reserves for itself the broadest possibilities of choice of contractor both within Japan and outside. At the same time, however, private companies are faced with the alternative of either agreeing to the terms which the state offers or ceding the contract to their Japanese or foreign competitor. Given the relatively limited military budget, such circumstances are of appreciable significance for businessmen.

All that has been said above concerning export controls requires, however, one serious addition. The actual situation now is far from the assertion that Japanese products usable for military purposes are not reaching other countries. It is a question rather of the specific nature of military exports.

Japanese corporations manufacture on an extensive scale engines, machine tools, telecommunications equipment and many other types of product for which there is demand on the part of military industry and the armies of other capitalist countries, primarily the United States. The orientation toward the military market in electronics industry is intensifying, which ensues directly from the growing "electronization" of military equipment. The miniaturization of military electronics is contributing to the expansion of demand for products manufactured in the country inasmuch as its firms are among the leaders in the sphere of the production of minicomputers, microelectronic circuitry and microprocessors.

Japan's role as major supplier of strategic materials is growing appreciably. Thus its companies have occupied leading positions in world capitalist production of fiber optics (their share is in excess of 50 percent), titanium (46 percent), industrial ceramics and carbon fiber, which are in tremendous demand on the military market (6).

All the said groups of commodities pertain in Japan to the so-called "dual purpose" category (that is, have both military and civilian potential). In statistics they figure as a component of the civilian product of the electronics, metallurgical and other sectors of industry. Export restrictions do not extend to them on the pretext that they may be used for peaceful purposes also.

For example, in July 1982 the TDK Electric firm managed to obtain from the Ministry of International Trade and Industry (MITI) permission for the export of a ferrite paint preventing the detection of aircraft by radar installations. The United States purchased it in connection with the preparations for production of the "invisible" bomber (Stealth). The MITI declared that the Pentagon's acquisition of such a commodity was no reason to ban exports thereof inasmuch as the same paint may be used for civilian purposes.

Thus although officially restrictions on the export of military products are maintained, the policy of their circumvention in every possible way has led to the conversion of a whole number of basic sectors of Japanese industry into major suppliers of components, materials, equipment and technology for foreign, primarily American, arms producers. Such is the main form of Japan's specialization on the world capitalist military product market.

Government policy in respect of the profits of the companies supplying arms is highly specific. As distinct from the United States, where their income is extraordinarily high, in Japan the average profit level in military production is frequently somewhat lower even than in the civilian sectors of the economy.

The prices of military products are determined per the terms of the contracts of the NDA Supply Department and the firms. Prices are calculated by the department. Two methods are employed here--calculation based on market prices (with regard for the level of wholesale prices, the prices at which deals are concluded by other government departments and so forth) and in accordance with actual costs. The competitive selection of the suppliers is practiced

extensively, which makes it possible to commission competition mechanisms. The agency monitors very strictly the correspondence of the prices to the actual level of the producers' costs, and provision is made for confiscation of overpayments.

According to available data (for 1980), the relationship of net profit to the amount of production costs allowed by the NDA for its suppliers must not exceed 5 percent. The corresponding average indicator for that year for manufacturing industry was 5.2 percent (7).

The NDA's price policy is causing dissatisfaction among its contracting parties, but none of them is showing an aspiration to wind down military contract production. "These companies," the "Japan Economic Yearbook" observed, "complain that defense orders generate little income, but they are nonetheless preserving their military engineering departments with the obvious purpose of maintaining production. They regard the existence of these departments as the condition ensuring technical progress, whose results can, if necessary, be used for nonmilitary needs" (8). Particular significance is attached to this fact in connection with the extensive use in Japanese military production of the latest American technology.

The organization of research and production in the companies which are the principal suppliers of the NDA provides, as a rule, for a mechanism of the transfer of military technology to the civilian sectors. For example, an applied technology research institute functioning within the framework of the corporation deals with this question in Mitsubishi zukogyo (9).

Other aspects of Japanese monopolies' interest in military production are obvious also. The manufacture of arms per government orders contributes to a strengthening of the producer-firm's contacts with the government, broadens the possibilities of influencing its political course and enables the company to avail itself of many privileges on the part of the state in the most varied spheres of economic activity.

The close informal relations which are emerging ensure for the companies fulfilling military orders government support in the event of a recession, for example. For this reason the military product market is seen by many firms as a quite extensive and, what is highly material, stable sphere of the sale of products capable of alleviating the negative consequences of fluctuations in domestic demand. A decision concerning the choice of new types of arms and military equipment and, accordingly, the contractor company frequently serves as a concealed form of government support for individual monopoly groupings.

Together with the growth of national arms production and the increase in the number of companies enlisted therein forms of the organization of military business enabling the corporations related thereto to maintain permanent relations with one another, coordinate positions in terms of the most important military-economic and military-political questions and maintain contacts with the NDA, the militarist components of the machinery of state and a number of bodies of the ruling party are developing.

The main "headquarters" of Japanese business in the military-industrial sphere

is the Defense Production Committee (DPC) under the auspices of the Federation of Economic Organizations (Keidanren)--the country's biggest employers' association. The committee's executive body is the Council of Directors, which incorporates mainly the presidents or chairmen of the councils of directors of the corporations which are the biggest suppliers of the NDA.

The secretariat has a very significant role also. Its members (among them, retired officers) are officials of the committee, and their entire activity is connected exclusively with military production. They are unrelated to the sectoral employer organizations outside of the arms production sector and do not represent corporations functioning simultaneously in many sectors of the economy. For this reason the position of the DPC Secretariat reflects the requirements of the military sector as a particular integral formation, and not simply the interests of individual companies producing both military and civilian products. It is not fortuitous, for example, that it is the secretariat which engages in the most zealous lobbying activity to secure military orders.

It is significant that on the one hand the DPC operates under the aegis of the Keidanren, given close organizational interweaving with its leadership, and, on the other, enjoys a certain autonomy and goes partially beyond the framework of the federation's organizational structure. Thus it may incorporate companies and associations which are not members of the Keidanren. In such a situation the federation and the committee have freedom of maneuver at the time of formulation of positions on military issues, which makes it possible, while "protecting" the interests of the military sector of industry, to at the same time take into consideration the far from always coincident requirements of individual groups of monopoly capital equally interested (or uninterested) in an expansion of arms production. It is legitimate to see the DPC as the coordinator of the actions of the corporations manufacturing military products and the connecting link between the arms-producing companies and the Keidanren and, partially, the country's entire business world.

The DPC is the best-known and most influential, but, undoubtedly, not the sole arms producers' association. There are together with it many other organizations, each of which performs its specific functions.

Sectoral associations have become prevalent in the Japanese economy as a whole and in its military sector. The biggest among them are the associations of artillery and small arms producers and aerospace industry firms.

The organs of the state and the ruling party dealing with questions of military policy perform an important role as an integral part of the MIC which is taking shape. Among the state organs, a leading place belongs to the National Defense Council (NDC), which is headed by the prime minister and which includes members of the government. It is entrusted with the adoption of the main government decisions in this sphere, including current and long-term programs of a buildup of military power and choice of the main types of arms and combat equipment. However, in practice the role of the NDC has until recently, with the rare exception, amounted to ratification of decisions prepared in advance and agreed by the ruling Liberal-Democratic party (LDP) machinery and the state authorities.

The NDA actually performs the role of war ministry, but has narrower functions and a specific structure. The chief of the agency and his deputies are appointed from civilian ranks. The positions of heads of department are also filled by civil servants, although current legislation does not prohibit the use of regular military officers in these positions. The wording of the law on the founding of the NDA incorporates a number of provisions considerably restricting the rights of the military command in questions concerning the "Self-Defense Forces". The prerogatives of the civilian employees holding executive positions in the Japanese war department are questioned by the regular servicemen on the Joint Chiefs of Staff Committee and in the commands of services of the armed forces.

The office of chief of the NDA, with ministerial rank, occupies not that high a place in the Japanese bureaucratic hierarchy. As a result he has in the process of the preparation and adoption of government decisions on military issues to deal with first-echelon politicians heading the ministries of finance, international trade and industry and certain others, who are frequently not only the partners but also opponents of the agency.

Many ministries and departments have subdivisions dealing specially with military questions or assigning them a large place in their activity. Among these are the Aircraft Manufacturing and Arms Department of the MITI, the Security Division of the Foreign Ministry North America Department, the Defense Division of the Ministry of Finance Budget Department and the Economic Planning Agency Science and Technology Division.

Throughout the 1950's-1970's the antiwar mood was so strong that the NDA encountered serious difficulties in recruiting competent top- and middle-tier managerial personnel. As a result the practice of the temporary assignment thereto of employees of other ministries and departments arose. The latter regarded this as a temporary inconvenience attending their further progress at their main place of work (10). This practice by no means contributed to a strengthening of the "bargaining power" of the agency in relations with other components of the machinery of state.

The relative weakness of the NDA and differences, serious at times, between different departments predetermine the very complex and specific nature of the adoption of decisions on important military and military-political issues.

Various bureaucratic "coalitions" may arise depending on the essence of the questions discussed. Thus, for example, at the time of the registration of budget requirements the NDA is forced to defend its positions before the Ministry of Finance, which is entrusted with the pursuit of a policy of strict limitation of government spending. When questions of the purchase of arms and military equipment are being decided, the MITI, which consistently supports the development of national production, is frequently forced to overcome the resistance of the Ministry of Finance and the Foreign Ministry, which are the most receptive to the United States' demands concerning the purchase of American arms and military equipment for the purpose of a reduction in the surplus Japanese balance of payments and trade, and also the NDA, which has an interest in the acquisition of frequently cheaper and more modern American

weapons systems.

The certain weakness of the NDA within the framework of Japan's bureaucratic structure prompts its leadership to constantly resort to the assistance of the "military lobby" of the LDP at the time of settlement of various conflict situations arising in the process of the preparation of decisions on questions of military policy.

Two bodies deal, in the main, with the elaboration of military policy in the ruling party--the National Defense Department and the Security Research Committee--which are part of the Council for the Study of Policy Issues--the party's think tank. That among the main Japanese political parties the LDP occupies the most militarist position is to the direct "credit" of these bodies. As P. Langer, the well-known American expert observed at the start of the 1970's, both the National Defense Department and the Research Committee "display more 'hawkish' views and a stronger allegiance to anticomunism as the guiding principle of Japan's national security than the average LDP politician, particularly the young reformist" (11). This viewpoint correctly reflects the present state of affairs also.

Unity of opinions on questions of military policy is lacking in the LDP, which consists of a multitude of hostile factions and interfactional groupings. Foreign observers note that there is within the party a kind of "hawkish" current, whose representatives are the Asia Study Council, which is headed by Y. Nakasone, the present prime minister, and the "Seirankei" grouping, which was formed in the 1970's and which unites young nationalist politicians. One of the main opponents within the party is the Asia and Africa Study Council, whose leader was the deceased Prime Minister M. Ohira. The influence of the "hawks" is insufficiently strong for imposing on the party the concept of accelerated rearmament under the conditions of extensive public opposition to such a policy, while the "doves" are few, politically weak and virtually outside the framework of the process of the formulation of policy (12).

The role of the National Defense Department and Research Committee is primarily to ensure as far as possible the fullest reflection in the policy of the LDP and the government of the views of militarist circles. In addition, they are the nucleus and cementing link of the "military lobby" of the LDP incorporating party officials, members of the parliamentary National Defense League and members of other party authorities which are related in terms of their mission (the Committee for "Study of the Constitution," for example). The "military lobby," finally, acts as a conduit in party circles for the interests of the militarist section of the machinery of state.

The mechanism of realization of politicians' influence on government decision-making on military questions incorporates as a most important integral part the holding of unofficial consultations of representatives of the Ministry of Finance and the NDA with the LDP members of parliament in charge of "defense" questions, in the course of which the sides' positions concerning the rate of growth and the structure of the military budget for the coming fiscal year are discussed and coordinated. In the event of it not being possible in the course of the consultations to formulate a common viewpoint, the "military lobby" arranges a meeting with the prime minister, who puts pressure on the Ministry

of Finance or adopts his own decision on the contentious issue. As a result the NDA's budget application does not, as a rule, undergo so substantial an adjustment as the Finance Ministry initially insisted on.

The participation in political life of military regulars is of a distinctive nature. Japanese reality affords many examples of how the political statements of representatives of the military command have led to an early end to their professional careers. Yet it would be an exaggeration to maintain that they are completely excluded from the domestic policy process. Inasmuch as public political activity for servicemen is precluded, they opt for other, not so striking, paths. Thus the practice of the enlistment of military men as experts in the work of parliamentary committees, government commissions, research committees and other bodies of the LDP has become widespread. Thanks to this, they have an opportunity to influence the formation of the positions of the ruling circles.

However, servicemen's political activity develops in full after their retirement. The formation of various research societies made up of former senior officers, for example, has assumed mass proportions. They engage in assertive publishing and lecture activity.

There are also transfers of high-ranking military retirees from the "Self-Defense Forces" to executive positions in corporations engaged in military production. Naturally, the firms make use here of the connections and influence of the people who were a part of the highest military circles in their own interests, for securing profitable orders included.

However, the process of such personnel movements is not of such mass proportions as in the United States and moves predominantly in one direction: from the machinery of state into industry. The reverse trend has not developed. A frequent change of activity is not customary in Japan, and there is no point switching from a highly paid job "for life" in a company to a low-paying and politically unstable spot in the military sector of the machinery of state.

Clearly expressed national singularities distinguish the process of the development of the system of military research. It would seem that it is as yet premature to speak of the conversion of militarized science into an independent component of the MIC which is taking shape. The overall level of government spending on military R&D, as on science generally, remains low. Also low is the military sector's share of aggregate government spending on R&D: according to data for 1982, it constituted only 2.6 percent (13). Of course, expenditure on research of a military nature is partly concealed in certain other budget items--such as stimulation of S&T development, subsidies to higher educational institutions and research institutes and so forth. This, however, does not alter the general picture. The deep-seated reason explaining the predominant role of R&D of private corporations is the comparatively low (although growing) level of militarization of official policy and the relative immaturity of the system of specialized military research proper. An extensive system of research establishments engaged exclusively or predominantly in research of a military nature is lacking. The overwhelming majority of the establishments engaged therein are integrated in the organizational structures

of diversified private corporations. Military research is not, as a rule, performed separately from civilian research here.

The close interweaving in the private sector of military and civilian production and R&D enables the state to make use of the corporations' S&T facilities, transferring to them the lion's share of research connected with the manufacture of the latest types of arms. This is a factor of the strengthening of interrelationships along "war department--monopolies" lines. Private corporations undertake the realization of projects recommended by the NDA technical research headquarters and also the testing of technology developed by the establishments under the jurisdiction of the headquarters. Subsequently the companies are the producers of the corresponding products and gain guaranteed access to the military market.

The military-ideological machinery is of a specific nature. The most important obstacles in the way of the creation in the country of an atmosphere contributing to the formation of the MIC are the pacifist sentiments which took root in the postwar period in the consciousness of significant numbers of Japanese. Public opinion polls testify that the vast majority of the population does not see a need for an abrupt change in military policy presupposing a revision of the constitution and an expansion of the scale of militarization. On the contrary, adherence to the spirit of the "peaceful" constitution is seen as a most important factor of accelerated economic development, the population's increased income and the securing of the external conditions conducive to this.

In other words, present-day Japan lacks a mass benevolent audience for unabashedly militarist propaganda. This does not, of course, rule out the existence of a variety of societies and organizations spreading militarist ideology and ideas of anticomunism, nationalism, chauvinism and revanchism. They include many which practice their activity on quite a serious basis with the hope of practical results.

Mention has to be made in this connection of the ideological machinery of the "Self-Defense Forces" and the militarist organizations grouped around the NDA, which are indoctrinating the personnel of the "Self-Defense Forces" and the population, particularly the youth, in a spirit of anticomunism and nationalism, a revival of military-feudal morality and emperor worship and the incitement of aggressive and revanchist sentiments.

However, the efforts aimed at achieving a change in the mass consciousness would seem a considerably more important aspect of the ideological support for the process of the formation of the MIC. Among Japan's press organs there are no publications financed by the military-industrial monopolies. Nonetheless, it was the Japanese press, which is known for its objectivist illustration and more critical than neutral attitude toward government military policy, which initiated the so-called "defense debate," the leitmotiv of which is the question of what kind of military policy the country should have in the future.

Militarist circles whose aim is a change in public opinion in the direction of support for the idea of Japan's becoming a strong military power are

attempting to take advantage of the growing interest in the problem based on the concern of the Japanese at the exacerbation of the international situation and the increased threat of nuclear war.

It follows from what has been said above, as a whole, that the forces constituting the basis of the MIC which is taking shape have for the most part already come to light in the country. Their growing assertiveness has in recent years begun to assume features of a united, carefully planned campaign, whose results are being reflected increasingly in official policy.

#### Strengthening of Militarist Trends

The scale and nature of this campaign permit it to be seen as an offensive against the principles of Japan's postwar political and economic strategy.

The subject of the "defense debate" being conducted in the country is a broad range of theoretical and practical questions sometimes going beyond the framework of military problems proper, but connected with them in one way or another. However, the main attention is being paid to the scale and pace of the country's military preparations.

The officially stated purpose of the discussion of these problems is the cultivation of a new "national consensus" which might serve as a basis for the corresponding adjustment of the basic directions of the country's foreign and military policy and its economic strategy, constitution and effective legislation. The real purpose of the current discussion is to persuade broad strata of the population of the need for Japan to become a strong power not only economically but also politically and militarily.

The attainment of this goal represents a kind of "program maximum" of the Japanese MIC which is taking shape. There is simultaneously increased assertiveness in its advancement of specific demands on the directions which are the most important from the viewpoint of its interests, primarily in such spheres as budget policy and exports of military products.

As of the start of 1986, shortly after ratification of the 5-year military program, a concentrated campaign has been developed in the country for the lifting of the restriction of military spending to 1 percent of GNP (14). Relying on the results of the July (1986) general election, which contributed to a strengthening of the positions of the LDP in parliament, the Y. Nakasone cabinet approved a draft budget for the 1987 fiscal year providing for appropriations for military purposes in an amount of 3.517 trillion yen, which, per the government estimate, was to constitute 1.004 percent of GNP. The demonstrative nature of this decision, which had been adopted under pressure from militarist circles in the ruling camp, testified to a resolve to remove the legal and psychological barriers in the way of an expansion of military preparations. The new government position announced on 24 January 1987, which stipulates that henceforward military spending will be determined not on the basis of its relative level but proceeding from the content of the military programs being implemented, creates a practicable basis for this.

The offensive of militarist circles is manifested to an even greater extent in

the foreign policy sphere, particularly in such questions as the lifting of the ban on arms exports, which represents, together with the limitation on the amount of military spending, the most serious obstacle in the way of an expansion of military production. The argument that cutting off Japanese corporations from foreign markets is preventing them reaching the economically optimum scale of arms production and, correspondingly, lowering product costs is adduced primarily here. In parallel with this military business is seeking detours of export expansion, primarily along the lines of development of military-engineering cooperation with the United States, seeking from the state official recognition of its legality.

In turn, as of the start of the 1980's the Pentagon and the U.S. military monopolies have displayed increased interest in Japanese companies as suppliers of a whole number of strategic materials and arms system components. The result has been a considerable intensification of bilateral military-economic cooperation. Conforming with the demands of military-industrial circles of both its own country and the United States, the Japanese Government has virtually removed any prohibitions whatever on exports of military products and technology to its closest ally.

Thus back at the start of 1982 then Foreign Minister S. Abe announced that no export restrictions extended to joint Japanese-American R&D. A bilateral protocol on the exchange of military technology was signed in 1983.

An important event from the viewpoint of the prospects of the formation of the MIC and the evaluation of its influence on the country's policy was Tokyo's decision to associate itself with the American SDI program (15). It was adopted on the initiative and with regard for the interests of military-industrial circles. Government statements observed that Japan would participate in the program at both private company and government establishment level.

Association with the SDI affords a prospect of an expansion of the amount of military-economic cooperation between the United States and Japan and a further intensification of the relations of Japanese manufacturers of arms and military equipment and the American MIC. It raises to a new level mutual relations between the state and private capital in the sphere of military production and R&D. Finally, participation in the SDI will contribute to a strengthening of the financial and technical base of Japanese military industry, which will increase militarist trends in the development of the national economy.

The endeavor of some Japanese monopolies to accelerate the assimilation of the military product market within the country and overseas is acquiring a particular slant under the conditions of Japan's economic development which have taken shape since the profound crisis of the mid-1970's. Never before since the war have Japan's biggest corporations put the emphasis so openly on the marketing of military products as a means of alleviating the problem of sales and stimulator of the assimilation of technologically complex, science-intensive industries.

The 1974-1975 crisis was connected decisively with the deterioration in the

conditions of reproduction which occurred under the impact of the sharp rise in the price of oil and a number of other mineral resources and (to a lesser extent) with the growth of the cost of manpower. The expansion of aggregate domestic demand slowed considerably. Thus whereas in 1965-1977 it grew by an annual 8.6 percent on average, in the period 1975-1980 it grew 4.8 percent, and in 1980-1983, only 1.3 percent (16). This problem is assuming a particularly serious nature at the present time, when the rise in the exchange rate of the yen and the increase in protectionist trends in the main trading partners are sharply limiting the opportunities for an increase in exports.

Japanese firms' adaptation to the new, tighter conditions of economic development served as impetus to an acceleration of the modernization of equipment and technology, changes in the commodity structure of the manufactured product and a cardinal reorganization of intersectoral proportions. These trends intensified following the onset on the eve and at the outset of the 1980's of a new period of S&T progress--primarily based on microelectronics. There was a sharp increase in the country's economy in the relative significance of science-intensive sectors and industries: electronics and electrical engineering, information and communications industry and industries combining the latest achievements of electronics and machine building. In fact each sector of industry is expanding the manufacture of products with special, preset properties and upgraded specifications (geared to use under extreme conditions included).

The direction of the changes in the sectoral structure of the economy is fully in keeping with the requirements of the present-day military product market and is enabling it to "attract" to itself a growing number of firms operating in the sectors which are the leaders of S&T progress. It is no accident that monopolies of electronics and electrical engineering industry which until recently were oriented virtually solely toward civilian production have begun to actively penetrate the market of military or "dual-purpose" products. These include, *inter alia*, such giants as Hitachi seisakusho and Fujitsu.

A turn toward the military market in connection with the reorientation toward highly intricate specialized products is manifested distinctly in metallurgy and shipbuilding--sectors experiencing a lengthy depression. Thus in the latter half of the 1970's, when the load on capacity in shipbuilding had fallen sharply, the Japanese Shipbuilders Association requested that the NDA make available more orders for the building and modernization of warships in order to load idle capacity.

The Nissan zidosha firm--a leader in Japanese auto manufacturing--has become markedly more active as of the start of the 1980's in the sphere of arms production. It has acquired contracts for the production of missiles and also announced plans to include tanks on its list of manufactured products. It would have seemed that the situation was auspicious enough in Japan's auto manufacturing industry. Nonetheless, the corporation gave as the reason for its decision the uncertainty of the long-term prospects of an expansion of sectoral sales. Another reason is the technology spinoff, which could prove useful for assimilation of the production of the next generation of means of transport.

There is reason to expect that the instability of economic growth and structural shifts will intensify the aspiration of some monopoly circles of Japan to speed up military production to spur business and secure capital investment spheres.

The implementation of the extensive list of measures to stimulate military cooperation with the United States and expand the scale of military preparations is leading to a reconsideration of certain important conceptual tenets. In order to justify the need for such a policy official Japanese publications on foreign policy and military questions of recent years have pursued the thought that under the conditions of the increase in international tension and the relative weakening of the economic power of the United States Japan, as a member of the Western camp and second "economic power" of the capitalist world, should be making a more substantial contribution to safeguarding international security and the "defense" of the West. This "contribution" is being interpreted increasingly often as a strengthening of the military alliance with the United States, complete support for Washington's foreign policy line and a further buildup of its own military potential.

Thus since WWII relations between the monopolies and the state along military lines have developed in Japan under the specific conditions which took shape as a result of the defeat of militarism which still largely determine the economic and sociopolitical situation in the country. Aside from article 9 of the constitution, a number of political restrictions concerning the scale and pace of the buildup of military power, the extent and nature of the production of arms, exports thereof, the basic directions of the organizational development of the armed forces and the role and place of the military establishment in political life remains in force. The specific features of economic development and the economic strategy of the state predetermined the comparative narrowness of the domestic military market and the relatively low level of military R&D. As a result the process of the formation of the MIC in Japan has developed and continues to develop considerably more slowly as a whole than has been the case in the majority of leading capitalist countries.

At the present time, however, groups and organizations similar to those which constitute the main components of the MIC in other imperialist states are appearing quite distinctly. Thus a circle of private companies permanently engaged in military production, among which clearly expressed leaders have been revealed, has emerged. The interests of these companies are represented in the country's political and business circles by bodies which have been set up specially. The process of the formation of a regular military bureaucracy is accelerating. High activity is being manifested by political leaders, officials of the machinery of state and functionaries of the ruling LDP elaborating military policy. The said groupings have common interests connected with a stimulation of the country's military preparations, an expansion of production for the NDA and an easing of arms export controls and also with an increase in budget expenditure for "defense" and official appropriations for military R&D.

The relations which exist between these groupings are in time assuming a more stable nature. They are appearing increasingly as a special alliance pursuing

its specific goals, exerting a growing influence in many specific fields of the economy and domestic political life of the country and participating in the determination of its foreign policy course. However, there are limits to this influence. For reasons of a political and economic nature the country's ruling class does not deem it advisable at the present time to accelerate the process of formation of the military-industrial complex.

#### FOOTNOTES

1. "Present-Day Japan. Reference Publication," Moscow, 1973, p 758.
2. "Defense White Paper," Tokyo, 1985, p 338.
3. THE ORIENTAL ECONOMIST, February 1984, p 22.
4. Estimated from DEFENSE DAILY, 23 April 1985.
5. "Military Industry," Tokyo, 1983, pp 215-227.
6. ASIA PACIFIC COMMUNITY, Summer 1982, p 34.
7. Estimated from FINANCIAL TIMES, 5 March 1982; "Japanese Statistical Yearbook," Tokyo, 1982, pp 342-343.
8. "Japan Economic Yearbook 1980-1981," Tokyo, 1980, p 75.
9. At the same time, granted all the importance for individual Japanese companies of the use of military production knowhow in civilian production, the significance of this factor on the scale of the entire national economy must not be overestimated--the dynamism of its growth is explained to a considerable extent by the concentration of resources in the civilian and not military sectors.
10. The novel of the writer Saichi Marua, "Revolt of the Single Man," which won the prestigious Tanizaki Literary Prize, describes the fate of a former MITI official who lost his job owing to his refusal to transfer to the NDA" (THE JAPAN FOUNDATION NEWSLETTER NO 4, 1986, p 19).
11. P. Langer, "Japanese National Security Policy--Domestic Determinants," Santa Monica, 1972, p 37.
12. "Defense Policy Formation. Towards Comparative Analysis," edited by J. Roherty, Durham, 1980, pp 217-218.
13. The state's share of total spending on R&D in 1982 amounted to 23.6 percent ("Science and Technology White Paper"), Tokyo, 1985, p 336.
14. This restriction had been imposed by a decision of the T. Miki cabinet in 1976.
15. For more detail see MEMO NO 3, 1987, pp 49-55.

16. Estimated from "Digest of Economic Statistics," Tokyo, 1985, pp 50-51.

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## COVERAGE OF MOSCOW CONFERENCE ON CRISIS IN CAPITALISM

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7, Jul 87 (signed to press 15 Jun 87) pp 60-67

[V. Mikhalyov, I. Seyfulmulyukov report: "Present-Day Features of the General Crisis of Capitalism"]

[Text] The 'Imperialism and Present-Day International Development' Panel

At the center of the panel's discussion was the influence of relations between states of the two systems on international security and the impact of interimperialist contradictions on the central problems of world politics.

Opening the debate, O.N. Bykov (USSR Academy of Sciences IMEMO) called attention to the elements of unity and contradictoriness in capitalist states' approaches to international relations. V.I. Lenin revealed this dialectic for the conditions of the first stage of the general crisis of capitalism. It is now acquiring a new dimension. The realities of the nuclear age essentially leave imperialism also no choice other than a search for ways to preserve peace. There is for this reason a possibility under present conditions of making peaceful coexistence the rule of interstate relations.

M. Schmidt (GDR) emphasized that in our day all states and peoples are faced with a categorical imperative dictating the need for the subordination of all interests to the absolute priority of safeguarding peace.

O.N. Bykov observed that imperialism is not interested in unleashing a global nuclear war, but is continuing to put the emphasis on a policy of strength. Its strategists proceed from the belief that there is a vast zone of the use or threat of nuclear weapons as a means of achieving political goals. Accelerating the development of military technology, imperialism is endeavoring to exacerbate the confrontation with socialism, which, given certain conditions, contains a danger of a direct clash also.

L.S. Semeyko (USSR Academy of Sciences United States and Canada Institute) expressed the thought that even if the probability of a war unleashed deliberately is completely ruled out, the impossibility of an accidental, unsanctioned igniting of a nuclear conflagration cannot be guaranteed. However, new thinking, stimulated by the very instinct of self-preservation,

is gradually blazing a trail for itself. Militarism can be limited, fettered and even completely removed even under the conditions of capitalism's opposition to socialism.

The latter proposition was disputed. According to Ye.V. Bugrov (IMEMO), militarism, inasmuch as it is a direct consequence of imperialism, cannot as a trend completely disappear. That there are--and growing--realistic opportunities for limiting militarism, achieving by way of the elimination of nuclear weapons, for example, a narrowing of the sphere of its influence on social structures, is another matter. A.A. Migolatyev (CPSU Central Committee Academy of Social Sciences) questioned the practicability of the complete surmounting of militarism in capitalist countries. He called, however, for a distinction to be made between states in which militarism occupies dominating positions and those which are pursuing a peaceable policy or are neutral.

T.F. Tairov (IMEMO) dwelt in detail on such a factor of the fettering of the aggressiveness of present-day imperialism as the mass antiwar movements. The clearly expressed will of the majority of the population cannot be ignored by the parliaments and governments of many Western countries. The gradual rapprochement of social democratic and many liberal-bourgeois parties of capitalist states and anti-imperialist social forces, for example, is indicative.

Yu.I. Rubinskiy (IMEMO) dwelt on the problem of the correlation of intersystem and interimperialist contradictions and the general structure of interdependence of states of the modern world. There are numerous destabilizing factors, specifically, the risk of technical error, which increases with the increased complexity of weapons systems; regional conflicts; civil wars; imperialism's conscious allowance of the possibility of the use of power factors both in respect of the socialist countries and the "third world" and within its own system. However, the task of self-preservation is prompting the mastering of crisis situations, the achievement of agreements and the peaceful solution of conflicts. This secures the outlook for the new political thinking, which, incidentally, is as yet being manifested merely for show in the majority of capitalist states.

Studying the said sets of problems, V.I. Gantman expressed dissatisfaction with the fact that an analysis of the connection of policy and military strategy is completely lacking in our research. Thus the technological and financial aspects of the SDI have been thoroughly elaborated, but no satisfactory answer has been given to the question of its political content and purpose. Centripetal and centrifugal trends within the framework of imperialism are studied, as a rule, exclusively in the situational aspect. The same low-slung approach is as yet preventing us arriving at broad generalizations in the evaluation of the integration process. The speaker warned against absolutization of the nuclear factor in an analysis of various situations. The imperialists are speaking openly about limited wars. It is possible that we will yet encounter a limited nuclear or conventional war.

S.Ye. Blagovolin (IMEMO) emphasized that tremendous significance is attached to the problem of the aggregate military power of imperialism. We must not lose sight of the qualitative improvements in arms which are being

accomplished or which are planned aimed at making the fighting of wars and victory in them even possible.

M. Schmidt observed that although the changes in our thinking are not entailing the automatic appearance of new thinking in the imperialist camp, it should be considered that the new interpretation of this question or the other proposed by the socialist world is attentively traced and studied in the ruling circles of capitalist states. There are groups there--influential, what is more--capable of rationally evaluating what is happening and influencing the formation of the political course of their governments.

Yu.M. Matseyko (Ukrainian SSR Academy of Sciences Institute of Social and Economic Problems of Developing Countries) expressed the opinion that the very process of negotiations on both a bilateral and multilateral basis on principles of equality and equal security could create the prerequisite for a real limitation of militarism under current conditions. Scientific thought, of the West included, could provide additional stimuli.

In the opinion of A.M. Utkin (United States and Canada Institute), such an attribute of imperialist, primarily American, military doctrines as their aspiration to influence the military organizational development of the enemy and the principle of forcing the USSR to not let pass twists in the spiral of the arms race spurred by the United States and NATO and thus of weakening the Soviet economy as much as possible cannot be ignored.

D.M. Proektor (IMEMO) expressed the belief that in the modern era the possibilities not only of imperialism's use of war as a means of achieving political ends but also the indirect use of military power are strictly limited, although it is now and on the basis of technical achievements that attempts are being made to expand the arsenal of such methods. This contradiction is the source of the crisis being experienced by the military doctrines of imperialism also.

J. Pudlak (CSSR) raised in this connection the question of whether what might provisionally be called the rationalization of war and its justification were not taking place in the United States. Should the SDI not be seen as a method of converting war into an instrument of policy?

V.A. Babak (IMEMO) described the SDI as a kind of reaction of imperialism to the current political situation and an attempt to neutralize the new thinking. "Low-intensity wars" provoked by imperialism are designed to be a second such possible "response".

A.A. Golovenchenko (IMEMO) observed that the process of militarization of the economy and social life in the capitalist countries is largely connected with the inertia of the activity of the military-industrial complexes. This also explains the vogue of "low-intensity wars," whose purpose is maintaining the energy of militarism even given a weakening of the main source nurturing it--the "Soviet military threat" myth.

W. Ersiel (GDR) devoted his speech to the particular features, motives and goals of West European states' policy in the security sphere. In his opinion,

a search for ways of peaceful coexistence, arms reduction and, primarily, the removal of nuclear weapons very often based on the concept of the "more autonomous" role of West Europe in NATO is gradually developing both at a country level and within the framework of the integration structures and mechanisms. On the other hand, the trend toward the further "Atlantization" of West Europe and its greater subordination to the hegemony of American imperialism is having an increased effect also, and the main driving force, what is more, is the growth of the closely interweaving military-industrial complexes and also the "transnationalization" of monopoly capital as a whole.

Yu.I. Rubinskiy expressed the belief that the West European imperialist power center is no less reactionary than the United States, but fear of the possibility of a military cataclysm, in which West Europe would inevitably perish, is determining its aspiration to the achievement of accords in the security sphere. If the level of the USSR-United States confrontation rises, the relative significance of West Europe in the determination of overall imperialist policy will diminish. On the other hand, given a trend toward a lowering of the Soviet-American military confrontation, its role will inevitably increase, with the prospect of it becoming a serious independent stabilizing factor.

W. Ersiel called attention to the contradictoriness of the situation in the FRG. The present government adheres, as is known, to a highly conservative direction in foreign policy. But forces of peace are strengthening in the country. Militarism and revanchism are not supported by the majority of the population. The CDU/CSU sustained telling losses at the recent elections. There is increased interest in the FRG, as in West Europe as a whole, in the development of relations with the USSR based on the Helsinki process. In the sphere of humanitarian relations with the socialist countries West Europe as a whole is acting from more realistic positions than the United States.

T.Ya. Belous (IMEMO) raised in his speech the problem of modification of the territorial division of the world by the imperialist powers. Neocolonialism has summoned into being new methods of division of the world: the fighting of undeclared wars at the hands of mercenaries; the enlistment of the developing countries in military and military-political blocs; the incitement of regional conflicts and internecine strife; proclamation of "spheres of vital interests"; subversive operations against progressive regimes and support for pro-West antipopular dictatorships; the use of "subimperialist" centers (South Africa, Israel) to secure the common interests of imperialism; the development of relations based on states' economic dependence.

Dr Kekkonen (Finland) expressed the opinion that imperialism is now adapting to the new conditions. The development of electronics and information science is being combined with the use of various economic and social instruments designed to overcome the irregularities of economic development. The crisis of capitalism cannot be eliminated with the aid of the said set of instruments. But the changes brought about by the policy of adaptation to current realities are potentially of considerable significance for the creation of a better climate in international relations.

Prof Tsanev (Bulgaria) pointed to the scientific unproductiveness of

borrowings from bourgeois political science of some of its concepts and categories. Although under current conditions imperialism is not engaged in the direct seizure of territory, it would be wrong to rule out the possibility of this feature of imperialism being manifested once again in the future. In addition, it is important to consider that there are integration relations and factors in the world at the present time. It is necessary to stimulate them and make them predominant over disintegration factors. In this respect we should speak of the capitalist world not only as an enemy but also as a partner in preventing the catastrophe of WWIII and, say, ecological catastrophe.

M. Schmidt noted the dialectical contradictoriness of the "partner-enemy" concept with reference to the capitalist states. The concept of cooperation in the solution of the global problems of mankind (the S&T revolution, survival, development) incorporates rivalry, competition, contradictions and conflicts even. Obviously, a more differentiated analysis of the policy of capitalist states is needed. We must not forget that an important part is played by the nonaligned, neutral, medium-sized and small states. Of what do the vital interests of their security consist? The contemporary and fullest possible consideration of these circumstances could reinforce the policy of peace and make it more flexible and effective.

The idea of the need for a comprehensive analysis of international relations was actively supported by M.K. Bunkina (CPSU Central Committee Academy of Social Sciences). In her opinion, it cannot be precluded that contradictions between the United States and West Europe concerning their relations with the socialist countries could be of decisive significance. If in respect of the nuclear confrontation K. Clausewitz's celebrated formula "war is the continuation of policy by other means" really becomes meaningless, his proposition concerning "economic war" as an instrument of coercion of an enemy retains its relevance today also. However, the use of this instrument is causing an unprecedented exacerbation of interimperialist contradictions. The USSR is far from the intention of "splitting" the capitalist camp. It sees as its task not the artificial encouragement of intracapitalist antagonisms but merely the fettering of the aggressive focus of imperialist policy.

A.A. Migolatyev observed that over many decades interimperialist contradictions have, while preserving their class nature, acquired many new features and singularities. This is connected primarily with the main contradiction of our era--between socialism and capitalism--and also with the collapse of the colonial system and the change in the correlation of forces within the imperialist camp itself. They have also experienced the impact of the S&T revolution, which has revealed new spheres of rivalry, economic and technological primarily.

V.N. Khlynov (IMEMO) expressed the opinion that the exacerbation of interimperialist contradictions is forcing the capitalist countries to consent to an expansion of cooperation, economic and S&T particularly, with the socialist and developing world. He emphasized the significance of the relations of the USSR and Japan, which currently account for almost one-fourth of the total world GNP. As a great world trading power, Japan cannot fail to be interested in the peaceful development of the situation in the Asia-Pacific

region, in a deepening and not winding down of Soviet-Japanese relations included.

I.A. Lebedev (IMEMO) observed that an important component of the world correlation of forces is located in the Pacific region. The speaker expressed a "hypothetical conjecture" in support of the Japanese center of imperialism--the least militarist compared with the other two--being capable of making a positive contribution to the safeguarding of peace in the Asia-Pacific region and, through it, at the global level.

Summing up the debate, O.N. Bykov expressed satisfaction with the creative nature of the analysis of extraordinarily complex and rapidly changing international problems.

#### The 'Imperialism, Neocolonialism and the Developing Countries' Anti-Imperialist Struggle' Panel

How is the place of the developing countries in the modern world and, specifically, in the world capitalist economy changing? What are the elements of imperialism's strategy in respect of the "third world" and what can the emergent states counterpose to it? Can the developing world be considered a reserve of capitalism? These were the main questions raised in the 15 papers on the panel, which was chaired by G.F. Kim, corresponding member of the USSR Academy of Sciences, and Prof G.K. Shirokov (USSR Academy of Sciences Oriental Studies Institute). Some of the speeches were devoted to problems of a general nature, others concerned the situation in individual regions and countries or narrow issues.

Analyzing the impact of inauspicious external factors on the socioeconomic development of "third world" countries, the participants in the debate concluded that the 1980's have marked a new stage in the mutual relations of the emergent states and the world capitalist economy. It has been characterized by a sharp deterioration in the economic situation of the developing world, a certain deceleration of the restructuring of the system of "North-South" relations which had begun earlier and, some participants in the discussion believed, the West's "loss of interest" even to a certain extent in the "third world". These conclusions were underpinned by the following arguments.

First, the structural changes in the economy of the developed capitalist states connected with the preferential development of the progressive science-and technology-intensive, resource-saving sectors of industry have led to a relative and at times absolute reduction in the need for raw material produced by the developing countries. The growing use of substitutes and secondary resources and the transfer of the production of raw material to previously unassimilated areas of the Western states are operating in the same direction.

Second, with the spread in the developed capitalist states of microprocessor technology and industrial robots the emergent countries are losing their comparative advantages in the production of relatively simple, labor-intensive products secured thanks to the use of cheap manpower, which has up to now served as the main factor of the competitiveness of their industrial exports.

Third, the foreign trade positions of the developing states are being seriously undermined by the increasing protectionism in the West.

Fourth, inauspicious changes have occurred in the movement of capital. The trend toward a reduction in the direct investments of the developed capitalist countries in the developing world was detected back in the 1970's. At the same time there was a sharp increase in that period in the influx there of loan capital in the form of bank loans. The possibility of the comparatively painless acquisition of tremendous resources on Western private capital markets (thanks to petrodollars included) led to a giant growth of foreign debt, which at the present time is a most acute problem of the developing countries and their relations with the West. Simultaneously the difficulties of external financing have intensified sharply in recent years. Whereas earlier loans were an important additional factor of growth, now this source has largely dried up.

The impact of the said factors together with the consequences of the profound crisis of the capitalist economy of the start of the 1980's brought about a sharp fall in the rate of economic growth in the developing world and an exacerbation of many social problems. Will the present deterioration of the situation be prolonged or is this a comparatively short-term trend? There is evidently no simple answer to this question currently. The speeches reflected a certain nonconcurrence of opinions concerning both the evaluation of the causes of this situation and the prospects of its development.

Thus some participants in the debate focused attention to a great extent on the constantly deteriorating position of the developing countries and their increased exploitation by imperialism. It was not fortuitous, evidently, that such an approach predominated in the papers devoted to Latin America (L.L. Klochkovskiy, I.K. Sheremetev and Yu.M. Grigoryan (USSR Academy of Sciences Latin America Institute) and F. Marcos (Argentina)--a region, where, perhaps, the contrast between the comparatively auspicious situation of the last decade and the crisis of the present is the most striking. The speakers observed that in the course of the 1970's discussion on the place of Latin America in the modern world many people had concluded that the region had broken away from the main bloc of developing countries and had occupied an intermediate position between the developing and developed capitalist states. In the opinion of Klochkovskiy and Sheremetev, this conclusion contained an exaggeration of the successes which had been scored by Latin American countries in socioeconomic development. The 1980's highlighted the unequal, subordinate position of Latin America in the world capitalist economy and its place among the developing countries. Thus a high growth rate and structural changes and a relatively high level of development are not evidence of liberation from imperialist exploitation.

The prospects of Latin America's development, as followed from the speeches of Klochkovskiy and Sheremetev, would now seem less auspicious than in the past (although there could be certain exceptions, Brazil, for example, here). The conditions for expanded reproduction, external mainly, have deteriorated sharply here. Both difficulties of external financing and the crisis of the raw material markets connected with the new stage of the S&T revolution are,

the speakers believe, of a long-term nature.

Other participants in the discussion (A.S. Solonitskiy and I.A. Yegorov (USSR Academy of Sciences IMEMO), N.S. Babintseva (Leningrad State University imeni A.A. Zhdanov) and L.V. Goncharov (USSR Academy of Sciences Africa Institute), while not denying the deterioration in the economic situation in the developing countries and their subordinate position in the world capitalist economy, emphasized the growing interdependence of its two parts. It was noted that the emergent countries' expanding participation in the international division of labor corresponds to the general regularities of world development. In the world capitalist economy this process is developing given the decisive role of transnational capital. It is thanks to the activity of the TNC and the transnational banks that the system of international interrelationships in the sphere of commodity, services and technology exchange and in the sphere of currency-credit relations is expanding constantly, and this economy itself is assuming an increasingly systemic nature from the viewpoint of the movement and self-realization of capital.

The internationalization of production and the expansion and globalization of the activity of transnational capital, the exacerbation of international competition--all this is increasing the West's interest in the more organic incorporation of the developing countries in the world capitalist economy. The latter are for the West a source of raw material and energy resources, a promising market for the sale of industrial commodities and services and an important partner in the sphere of credit relations. Increasingly great significance for the West's economy is attached also to the use of the growing industrial and S&T potential of certain developing countries. The interest of the developed capitalist states will evidently continue to stimulate the expansion of spheres of Western firms' participation in the economic life of the developing countries. There is a prospect of the more profound and multilevel incorporation of these countries in the general reproduction process of the world capitalist economy. However, it is perfectly obvious that, being drawn into it, the emergent countries are experiencing increasingly painfully the impact of crisis phenomena. And they are proving more vulnerable, what is more, than the industrially developed states. This feature was manifested vividly in the crisis situation of the start of the 1980's, when the most acute currency-finance problems of the developing countries were interwoven with the negative consequences for them of the structural reorganization of the world capitalist economy.

At the same time there is much evidence that in the present situation also the developing countries retain their significance for the developed capitalist states. Thus Goncharov and L.N. Aksyuk (USSR Academy of Sciences Africa Institute) observed that if it is at all possible to speak of the decline in the West's interest in the raw material of the developing countries, it is only in respect of certain types thereof, the large-tonnage types (iron ore and such) primarily. As far as energy, however, and also various strategic types of mineral raw material are concerned, the West's dependence on supplies thereof from the developing world is very great, as before. Thus the interior of the West European countries, Japan and the United States is almost entirely deprived of manganese ores, chromites, cobalt, bauxites and a number of other mineral resources. And although the trend toward the growth of the production

of substitutes is reflected in the position of many developing states, the substitutes themselves require, as Goncharov and Babintseva pointed out, natural raw material for their production. Finally, it is necessary in examining the reasons for the fall in demand for raw material to distinguish between situational factors connected with the consequences of the profound cyclical crisis of the start of the 1980's and the longer-term factors reflecting the structural changes in the economy of the developed capitalist countries.

A number of participants in the debate (Goncharov, Solonitskiy) also questioned the conclusion that the available data on the export of capital from the developed capitalist to the developing states testify to a reduction of the role of the latter in the world capitalist economy. In the speakers' opinion, the reduction in the influx of direct investments into the developing countries has to a large extent been connected not with a dwindling of the West's interest in the "third world" as such but with the wave of nationalization of the property of the TNC in the 1970's and the aspiration of the emergent states to own a substantial share of the enterprise capital. Under these conditions the TNC are changing their tactics, preferring to direct capital investments new forms of international financing: nonstock agreements and contracts pertaining to the sale of licenses, the granting of technical services and the right to use of the TNC's trademark, the construction of key-ready enterprises and so forth. As Solonitskiy emphasized, these forms of financing, which are connected most directly with the task of commercial expansion, are affording Western firms an opportunity to obtain certain entrepreneurial income and effective levers of control over their partners' activity.

The reduction in direct investments has been made good with interest by the influx of loan capital, which can also in a certain sense be regarded as a kind of form of nonstock participation. A growing interweaving of the export of capital in loan and entrepreneurial forms has been observed in the last 10-15 years. Entrepreneurial capital has itself in many instances begun to extend credit to the developing countries. Aspiring to be the proprietors of the enterprises which are created, the emergent states also regard bank credit here as an alternative to investments. Compared with direct capital investments loans in principle represent a form of the transfer of capital to the developing countries which is freer of foreign control. This has largely been the reason for the rapid growth of their foreign debt and the payments thereon. According to the data adduced by Shirokov with reference to the World Bank, approximately 5 percent of the developing world's gross domestic product will be confiscated annually upto the mid-1990's in the form of debt interest. However, the very scale of the debt makes it a problem not only of the debtors but of the creditors also inasmuch as the narrowing of the import possibilities of the emergent countries which is occurring in this situation is essentially not in the interests of the developed capitalist states.

It should in general be considered that under the conditions of the increased interdependence of the centers and the periphery of the world capitalist economy economic upheavals in the developing countries and the exacerbation of social and political tension there are fraught with a general destabilization of world economic relations. Under these conditions the West is in a certain

sense forced to maintain the former colonies and semicolonial territories and avoid "impasse" situations. This fact does not permit the belief that the economic situation in the "third world" will deteriorate continuously.

At the same time, as the participants in the debate emphasized, in the present situation imperialism has acquired a number of powerful levers of pressure, of which it has not failed to avail itself. As a result the emergent countries have been forced to retreat and give up a number of important gains. The public sector is being wound down, and other forms of state control over the national economy are being cut back.

H. Rao, a representative of India, observed that supporters of the Western model of the market economy have launched a strong ideological offensive against the strategy of self-sufficiency and planned economic development, to which many emergent countries adhere. Even the measures being implemented in the socialist countries pertaining to an increase in the role of commodity-money relations are being adduced in support of the advantages of liberalization for developing states, the qualitatively different nature of these processes being ignored here. The fact that steps in the direction of denationalization and liberalization of the economy are partly a reaction of the developing countries themselves to the inefficiency of the public sector and are aimed at increasing the incentives for local producers to strive actively for increased product competitiveness is also being used to push through such "prescriptions".

On the frontier of the 1980's imperialism began, as Yegorov showed in his paper, a broad counteroffensive in the sphere of the restructuring of international economic relations also. This was facilitated to a considerable extent by the fact that in the preceding decade even the developing countries, while having scored a number of successes on the path of internal socioeconomic transformations and having achieved political-diplomatic unity, had nonetheless been unable to create adequate joint economic mechanisms of resistance to neocolonialism and to elaborate practicable concerted measures of pressure on the capitalist centers. Imperialism succeeded in preventing the implementation of the main demands of the new international economic order. There was an expansion of international finance capital's indirect forms of control over the economy of these countries. In the 1980's, under the conditions of the weakening of the world economic positions of the emergent states, the process of realization of the new international economic order, has in practice been blocked by the leading capitalist powers and their TNC.

A direction of imperialism's increased influence on the developing countries is, as A.I. Chicherov (USSR Academy of Sciences Oriental Studies Institute), Loc (Diyen) (Vietnam) and H. Rao observed in their papers, their attraction to the orbit of the arms race and imperialism's general military-political offensive in this part of the world.

In the last 15-20 years imperialism has suffered serious military-political defeats which have led to a narrowing of the sphere of its influence in the "third world". Active attempts have been made in the 1980's to hamper this trend. To strengthen its positions imperialism has together with economic pressure mobilized considerable military-strategic potential. There is an

endeavor on the part of the imperialist powers, the United States primarily, to "raise" local policy to the global level and transfer it to the plane of confrontation with the USSR and the socialist community as a whole.

The United States and other imperialist powers are expanding their direct military presence in various parts of the world, primarily in the Asia-Pacific region, increasing the strategic mobility of the RDF and spreading nuclear weapons around the perimeter of Asia. The purpose of all this is to increase the military-political opposition to socialism and the national liberation movement.

Trying to use the developing countries as springboards in its aggressive global strategy, imperialism is dragging them into the arms race. In the past decade these countries' share of world military spending has increased sharply. Militarization is contributing to the outflow of resources to the West, weakening the local economy and hampering the development process. In addition, as H. Rao pointed out, there is a growing risk of the outbreak of a world conflagration from the most unexpected areas. Under these conditions, Loc (Diyen) emphasized, the struggle for peace is for the emergent countries directly linked with the struggle against imperialism and for surmounting backwardness and for social progress. In the vanguard of the anti-imperialist struggle of the emergent states is the group of countries of a socialist orientation, to whose problems the speech of G.N. Klimko (Kiev State University imeni T.G. Shevchenko) was devoted. The advancement of these countries along the path of progress, the speaker observed, will largely depend on the efficiency of the economic mechanism being created there, which is designed to ensure the conditions for the formation of a national reproduction complex capable of undermining the domination of foreign monopoly and local capital, overcoming the one-sidedness and backwardness of the economy, raising the level of internal accumulation and rationalizing foreign economic relations given reliance on all-around cooperation with the socialist community countries.

A number of the speeches examined the influence of the deterioration in the external conditions of development on social and political processes in the emergent states. The papers emphasized that capitalism on the periphery is gaining momentum as a whole. The process of the formation of a local bourgeoisie as the social support of international capital is taking place more intensively. At the same time, being largely introduced from outside, capitalism in the former colonial and dependent countries is acquiring considerable distinctiveness, being superimposed on the local socioeconomic environment. The changes in the social sphere here are lagging behind the rapid structural reorganization of the economy. Under the conditions of the "demographic explosion" the modern sector is proving incapable of making productive use of the continually replenished labor resources. Whence the continuing role of traditional, precapitalist structures as spheres of the employment of the broadest strata of the population.

All this, as observed in his paper by R.G. Landa (USSR Academy of Sciences Oriental Studies Institute), makes for the considerable distinctiveness of the bourgeoisie of the developing countries of the East and its distinction from the bourgeoisie of the West. In the sociopolitical plane the positions of the

bourgeoisie under multistructure conditions are limited by the significant role performed by the precapitalist strata. Practically nowhere in the East does the bourgeoisie predominate alone. Even in such a country as India it cannot exist economically without the public sector and, consequently, without a government bureaucracy. It needs the latter not only as the military-political machinery but also as a defender against foreign competition. The symbiosis of the bourgeoisie and the bureaucracy will continue for a long time inasmuch as both participants have an interest therein.

The particular features of the developing society are also expressed in the considerable heterogeneousness of the bourgeoisie itself and the exacerbation of contradictions within the capitalist class. Some groups of the bourgeoisie closely cooperating with the TNC gravitate toward the West and, as a rule, prefer authoritarian forms of government. Others are represented, as the speaker put it, by "democratic capital". While not recognizing its exploiter essence, it is opposed to imperialism, feudalism and the haute bourgeoisie even. However, its enthusiasm for bourgeois democracy is inconsistent, as a rule: it is scared of the working masses since it is not sure that it will hold on to power.

The papers observed that the 1980's had introduced much that is new to the development of "peripheral capitalism" and increased its contradictory nature. The crisis in the sphere of the economy has been accompanied by big social upheavals. It is a question not only of the broad working masses of the developing countries, whose living standard has been undermined appreciably by the crisis. The interests of highly populous groups of the national bourgeoisie have also been affected, as Sheremetev remarked, inasmuch as the crisis has intensified the effect of the "natural selection" factor. The benefits remain on the side of the strong--the monopoly financial-industrial groups and large-scale enterprises of the modern sector of production--while the positions of the middle strata of the bourgeoisie, which cannot exist without protectionism and support on the part of the state, are being undermined. This is engendering contradictions in the ruling strata also, which may be observed in the example of India adduced by Shirokov. The program of liberalization of the economy begun there under the leadership of R. Gandhi has been cut back considerably under the pressure of industrial circles and other influential forces.

The results of the debate lead to the conclusion that capitalism is developing in the majority of emergent countries, and in this sense they may be called a reserve of imperialism. It is a question of the nature of this reserve. The main contradiction of capitalism--between labor and capital--is supplemented in the developing countries by contradictions within the traditional sector of the economy and between the traditional and modern socioeconomic types of production. Thus the scale of the contradictions here is far more extensive than in the developed capitalist countries.

With the intensifying integration of the developing countries in the world capitalist economy and their growing dependence on its centers a new set of contradictions between the two groups of states is taking shape. On the one hand the centers of capitalism are interested in a rise in the economic level of the periphery as an important condition of the expansion of the TNC and a

broadening of the base and, ultimately, the stability of world capitalism. On the other, the forms and methods of neocolonial expansion are leading to a deepening of the gulf and failing to contribute to the accomplishment of many tasks of the socioeconomic development of the emergent countries and their genuine social progress. In addition, world capitalism cannot solve its own sociopolitical and economic problems through exploitation of the "third world". The contradictions between capitalism and the developing countries are thereby becoming profound inner contradictions of the world capitalist system itself. Thus being infused, in world capitalism the developing countries are increasing its instability.

The changes in the world capitalist economy which occurred in the 1980's and the changes in the strategy of imperialism in respect of the developing countries have predetermined a transition to a new stage of economic decolonization. The content of this stage, as Yegorov described it, constitutes the curbing of the counteroffensive of imperialism and neocolonialism and a quest for new forms of the developing countries' interaction with the centers of capitalism. It is a question of the creation here of fundamental mechanisms and structures of economic development relatively independent of the imperialist centers and the formation of a truly new international division of labor profitable to all participants in the world economy. An inalienable component of these processes is the surmounting of technological backwardness, the active inclusion of the emergent states in world S&T progress and the use of its achievements for overcoming economic backwardness. The accomplishment of these tasks requires, as many of the participants in the debate emphasized, the increased interaction of the emergent states among themselves and with the socialist countries.

#### FOOTNOTE

\* Continuation. For the start see No 6, 1987.

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## FORMATION OF SINGLE DOMESTIC MARKET FOR EC

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7, Jul 87 (signed to press 15 Jun 87) pp 81-86

[Article by T. Filimonova: "Formation of a Single EC Domestic Market"]

[Text] Since the start of the 1980's the task of the creation of a single domestic market free of national barriers has been moved up to one of the foremost positions in the activity of the European Community. It has come to be seen by the leaders of the grouping as a very important condition of economic upturn, the further development of S&T and investment activity and increased competitiveness on world markets. The Single European Act signed in February 1986, which makes changes and additions to the Treaty of Rome, advanced the goal and determined measures pertaining to the creation by 1992 of a single Community market, "an area without internal borders, within whose framework the free movement of goods, persons, services and capital is assured" (1).

### Approaches to the Problem

The creation of a single domestic market has always been seen as the basis of the construction of a "united Europe". A vast unified market unimpeded by customs and tariff and other other national barriers was, the founders of the Community intended, to stimulate mass, large-series production, specialization and cooperation and reduced costs, that is, to provide the advantages which the U.S. domestic market affords its companies.

It was believed here that the measures provided for by the Treaty of Rome were sufficient to achieve the set goal. These were the formation of a customs union and the free movement of persons, goods, services and capital on the territory of the members. It was assumed also that as the economic union took shape, the differences ensuing from the specific features of private enterprise and state-monopoly regulation in individual countries would be removed and policy in the sphere of taxes, technical rules and standards, government orders and such would be unified. Thus the creation of a domestic market was closely connected with the majority of directions of Community activity.

The EC members embarked on the unification of national markets in the 1960's.

A customs union was formed, measures were adopted to ensure freedom of movement of manpower and capital and the unification of taxes and coordination of technical standards was initiated. However, in subsequent decades the Community not only failed to make any appreciable progress in this direction but, on the contrary, took a step backward in a number of spheres. Increased economic difficulties forced the EC countries to pay attention mainly to the solution of national problems. The lack of coordination in intra-economic policy intensified. The practice of the application of protectionist restrictions in reciprocal trade, undermining the foundations of the customs union, expanded.

The lack of a single domestic market slowed down the modernization of the structure of the members' economy and reduced the competitiveness of their industry. The Community's lag behind the United States and Japan and the deterioration of its positions on world markets, of "high-technology" products particularly, were showing through clearly by the start of the 1980's. The surmounting of the lag and the restructuring of industry were inevitably hampered by the absence of a single domestic market. It was not fortuitous, therefore, that in December 1982 at the Council of Europe session in Copenhagen the heads of state and government of the EC countries deemed the strengthening of the domestic market a priority direction and "most urgent and necessary task for the European Community" (2).

However, the members' approach to the solution of the problem was far from identical. Thus the FRG, Great Britain, Belgium and the Netherlands advocated the speediest implementation of specific measures to assure free movement of goods and services within the Community framework. It was necessary here, they believed, to concentrate on a few most important areas. They also advocated the urgent lifting of the barriers in reciprocal trade and a liberalization of the domestic market. Pursuing its own goals, the Netherlands believed that it was necessary to begin with the cancellation of the restrictions in the sphere of transport, and Great Britain, with liberalization of the service sphere, including banking and insurance services, and an easing of national currency control.

France, which on many issues was supported by Italy and Greece, believed that the creation of a single domestic market was possible only given its strong protection against outside penetration. Otherwise states which were not a part of the Community could avail themselves of the advantages of the single market.

Italy insisted that activity pertaining to the formation of a domestic market be geared primarily to the increased competitiveness of the West European product. From its viewpoint, an all-embracing program incorporating measures in the fields of industrial policy, R&D, power engineering and so forth was essential for the Community.

Despite the disagreements on the question of priorities, at the start of the 1980's the members succeeded in formulating several joint programs. Thus the so-called Copenhagen program--a series of priority measures to remove technical barriers in reciprocal trade and simplify customs formalities and border controls within the Community--was adopted in 1983.

In 1985 the ECC put out a special White Paper--an extensive program of the creation of a single domestic market. It is essential, it said, "to make a qualitative leap forward similar to that which made possible the creation of the customs union" (3). Approved at the Council of Europe session in Milan (June 1985), this program incorporates more than 300 different measures aimed at the organization of a "Europe without borders" and the complete abolition of all obstacles in the way of the movement of goods, persons, services and capital. Realization of the program is, according to ECC Deputy Chairman F. Cockfield, "to fundamentally change the face of Europe" (4).

The idea of the completion of the creation of a single domestic market is in keeping with "Europe of citizens" concept advanced at the Council of Europe session in June 1984 and the proclaimed intention to abolish within the Community framework all police and customs formalities for citizens of the members when crossing from one state to another.

#### Formation Conditions

The starting point of the organization of a domestic market was the customs union. The Treaty of Rome provided for the complete abolition in reciprocal trade of dues, imposts and quantitative restrictions and the creation thereby of the conditions for the "free circulation of goods" and also the replacement of national tariffs with a single customs tariff in trade with third countries. The principle of the "free circulation of goods" is applied not only in respect of the product of the members but also the commodities of third countries in respect of which the necessary customs formalities, including the collection of dues and imposts, have been fulfilled upon importation to the market of one member.

The cancellation of customs dues in reciprocal trade and the introduction of a single tariff in relation to third countries for the first six members of the Community were completed in 1968. For Great Britain, Denmark and Ireland, which joined in 1973, in 1977, and for Greece (1981), by 1 January 1986. For Spain and Portugal, which joined the EC on 1 January 1986, full incorporation in the customs union is to have taken place by 1993.

However, the cancellation of dues within the framework of the customs union is not yet providing for the free movement of goods. Appreciable differences in customs legislation and administrative rules and other differences, which have come to the fore and become an obstacle to the free movement of commodities, remain. "However important the cancellation of customs dues," ECC material observes, "it is insufficient for the creation of a true single market" (5).

In 1983 the ECC published a document containing a list of 56 different methods of defending national markets against competing commodities of the Community partners. Among them are, specifically, differences in the rules regulating trade, import and export formalities, border customs controls, "buy national" campaigns and others (6).

Various pretexts are employed to prevent the admittance of any commodity from

the partners for sale on one's own markets. They include protection of people's life and health, protection of the interests of the consumers and the environment and so forth. In addition, despite the ban on drawing a distinction between national products and commodities in "free circulation" in the EC, administrative enactments operate in a number of countries which essentially prohibit or restrict the use of products from other states. The campaign conducted at the start of the 1980's in France under the "conquest of the home market" slogan may serve as an example of a large-scale action encouraging the acquisition only of national commodities.

The number of complaints at the violation of the "principle of free trade" within the EC framework is growing constantly. Thus in 1960 there were 20 such cases for the ECC to examine, in 1970, 50, in 1978, 100, in 1982, 332, and in 1986, over 400 complaints. According to available estimates, protectionist measures are causing the Community a loss of approximately 50 billion ECU (2 percent of aggregate GDP) (7).

Strict customs control little different from the inspection of goods at borders of states which are not a part of the Community was continuing to operate at borders between EC countries by the mid-1980's. The procedure of the passage of goods through customs at internal borders is creating considerable difficulties for exporters and causing delays and unjustified expenditure. Costs connected merely with customs procedures at internal borders amount, according to an ECC estimate, to approximately 5-10 percent of the value of the commodities (after tax), constituting 6.8 billion pounds sterling a year (an amount equal to approximately half the Community budget), including expenditure necessitated by the loss of time--500 million pounds sterling (8). ECC publications have adduced the following example also: the transportation of freight consignments from Italy to the Netherlands takes 26 hours, but a further 10 hours are spent on the completion of customs formalities.

It is perfectly understandable, therefore, that the simplification of customs formalities as "the most shocking symbol of the imperfection of the domestic market" (9) has moved to the fore among the measures to upgrade the organization of reciprocal trade. Thus within the framework of the "Copenhagen program" the ministers of transport of EC countries adopted in December 1983 a directive concerning measures to alleviate customs formalities in the shipment of goods by all forms of transport. It provides, specifically, for mutual recognition of the results of the inspection made by national customs services and the papers issued on the basis thereof. The ECC estimates that this should reduce the waiting time of freight at customs within the Community by 30-50 percent, and transport costs, by an annual 1-1.5 billion ECU (10).

Following lengthy negotiations, in December 1984 the Council of Europe adopted a decree on the introduction of a "common customs document". As of 1 January 1988 it will completely replace the almost 70 various logs whose presentation is required when passing through internal customs border control in the EC countries.

The program of the creation of a single domestic market is, it is anticipated, to have removed by 1992 all protectionist measures of a national nature

preventing the development of reciprocal trade. Specifically, it is planned abolishing supervision of the condition of plants and animals carried across borders, imposts for the inspection of a commodity and others; and by 1988, exercising the entire supervision of transported commodities not at the border but within the importing country, and by the start of the 1990's, standardizing the provisions of customs legislation completely.

The initiators of the founding of the Community regarded the free movement of persons, goods, services and capital as an essential condition for ensuring "equal opportunities" for production and entrepreneurial activity, equalization of the conditions of competition and the optimum location of the productive forces.

The Community has managed to progress to the greatest extent in the creation of a common manpower market enabling the monopolies to enlist in production extensively and on more profitable terms for themselves workers from other countries of the grouping. Restrictions on the transit of workers were lifted in 1983. Questions connected with immigration and emigration within the EC came under the jurisdiction of Community authorities. The ECC stores and passes on to the members data on the situation on the labor markets, on occupational supply and demand and on vacancies and regulates the movement of manpower by way of the issuance of work permits for a certain length of time.

However, far from all the obstacles preventing the free movement of workers have been removed. "The Community," the British journal THE ECONOMIST observed in August 1985, "still consists of exclusive national labor markets." The remaining barriers have become particularly noticeable in recent years in connection with the growth of unemployment. On various pretexts governments are departing increasingly from the arrangements which were arrived at and establishing restrictions on the hiring of workers from partner countries.

Aside from obstacles of an economic nature, there are considerable bureaucratic barriers also. "Europeans traveling from one country to another," THE ECONOMIST writes, "are encountering the same red tape as in the times of the Bourbons" (11). The right of persons of the free professions--lawyers, doctors, nurses and so forth--to work in their particular profession in different countries of the Community also operates in truncated form. This, in particular, explains their low mobility. Thus of the 600,000 doctors practicing in the EC in 1982, only 2,000 availed themselves of the right to work in other countries of the grouping. The debate concerning the free right of settlement and work in their profession for architects, which has now lasted for more than 17 years (a similar question concerning pharmacists has taken 16 years to settle) or the transfer to the European Court of the case of four EC participants which violated the right of free movement for... hairdressers (12) may be put in the amusing category.

The Community's successes in the liberalization of services are small. The ECC attaches great significance in its plans to this sphere, particularly standardization of the rules in respect of banks, insurance companies and stock markets. Specifically, measures are planned which will provide for mutual recognition of financial papers (insurance policies, title deeds to real estate, savings certificates and such). Restrictions on the provision of

transport services will be lifted. In accordance with the proposals advanced in the White Paper, measures to liberalize transportation by sea, air and motor transport are to have been implemented by the end of the 1980's.

Also far from completion as yet is the process of liberalization of the movement of capital. As the study of a working group of the European Parliament observes, countries prefer to solve financial problems independently. As a result, although aggregate savings in the EC (\$430 billion in 1980) exceed savings in the United States (\$380 billion), insufficient use is made of them for financing the economy. Loans floated by the members within the Community constitute only one-fifth of the loans floated here by third countries (13).

Leading countries of the European Community have been endeavoring recently to revitalize integration in this sphere. It is proposed increasing ECC supervision of the current restrictions on the movement of capital, which are hampering payments connected with trade and the provision of services. In addition, the ECC has presented proposals pertaining to development of the financial system, the creation of a European venture capital market and the use of new instruments for the mobilization of savings, increased coordination of activity in the sphere of the import and export of capital and the establishment of an information link between the main stock exchanges.

#### Obstacles En Route to a Single Market

Tax barriers remain a principal obstacle in the way of creation of a single domestic market. It was assumed that as the economic union took shape, the tax boundaries would be eliminated by way of transition to uniform direct and indirect taxation. However, the standardization of taxes has proven an exceptionally complex issue, for whose solution very little has as yet been done.

Practically the sole important measure in this sphere was the decision on the introduction in the countries of the grouping of a common value-added tax system (1967). There are still considerable differences between national rates of this tax. The passenger automobile example is indicative in this connection. Thus the value-added tax on cars of a similar class in the FRG constitutes 14 percent, in Italy, 20 percent, in Belgium, 25 percent, and in France 33.3 percent. In addition, supplementary taxes, quite substantial at times, are collected in the majority of Community countries at the time of the purchase and registration of an automobile. In Denmark, for example, the total tax amount constitutes up to 215 percent of the base price of the automobile. The attempts which the ECC has been making in recent years to equalize the price of automobiles of a single make are being reduced to nothing by the taxation systems operating in the member countries. The question of the equalization of other indirect taxes, differences in whose rates are very great, remains unsolved.

The standardization of direct taxes, specifically on companies (including mother companies and their affiliates) located in different countries of the EC, is attended by great difficulties. This is a problem whose solution requires a fundamental restructuring of national tax systems. The attempts of

the Community's executive bodies to progress along the path of the effective standardization of tax policy are encountering the resistance of the members for they affect important aspects of the activity of the national governments--budget, social, political. The majority of EC members is in no hurry to standardize the rate of direct and indirect taxes. After all, equalization in terms of a median level would mean for some countries a fall in budget revenue, for others, dangerous social phenomena connected with an increase in taxes. However, the main reason for the failures in the sphere of abolition of tax boundaries is, of course, the Community countries' reluctance to forgo national sovereignty and their right to independently determine tax policy.

As of the start of the 1980's individual measures have been implemented in the EC which are aimed at a lowering of certain tax barriers. Thus in 1983-1984 the members reached agreement on the granting of tax privileges--a reduction in or the cancellation of taxes collected at the time of importation from other Community countries of motor vehicles and other means of transport used for private or business purposes; personal property of private individuals in connection with a change of the place of residence within the EC and others.

The abolition of tax barriers is a principal direction in the ECC program. This applies primarily to indirect taxes. According to F. Cockfield, it is a question not "of an absolute standardization of rates but at least of their close convergence" (14). It is contemplated for a start freezing the current VAT rate in individual countries and determining the maximum permissible difference in the level of this tax in states with lower and higher rates and later introducing a single standard rate for all members of the grouping. In addition, the Community intends standardizing certain indirect taxes (on alcohol and petroleum oils).

For the formation of a single domestic market is it necessary to do away with technical barriers--national specifications and standards for industrial products and foodstuffs. Measures to abolish them began to be implemented as of the end of the 1960's within the framework of the Community's industrial policy. They provided for the standardization of technical specifications for individual commodities and affected such most important parameters as commodity quality, the proportion of this component or the other, sanitary engineering specifications, packaging and others. Standardization is effected by way of the issuing of directions determining uniform specifications in respect of certain commodity groups. Commodities produced in accordance with Community specifications may circulate freely on the markets of the member states.

In the period 1965-1985 the Council of Europe approved directives concerning the following commodity groups: hoists and lifts, gas apparatus, electrical equipment, pressure apparatus, automobiles, toxic substances, fertilizers, instrumentation, construction materials, shipbuilding equipment and so forth (15). However, the standardization of technical specifications and the formulation of uniform standards are proceeding slowly. Endeavoring to adapt to the particular features of the markets of its partners, the Dutch Philips firm, for example, has been forced to manufacture 29 types of sockets, 15 types of irons and mixers, 12 types of flex and 10 types of plugs.

The point is that the technical specifications oriented toward local production, ensuring certain privileges for national firms, are used as a means of protectionist defense. In addition, each country wishes to bring the uniform standards as close as possible to its national specifications. All this has given rise to lengthy debate at the time of coordination of each "European standard" and made decision-making more difficult. Directions have taken several years to be drawn up for certain commodities (over 9 years for gas apparatus, for example), and it has often been possible to coordinate them only when the commodity needs to be updated.

In 1983 the Council of Europe adopted a decision which put a stop to the process of the creation of new technical barriers in the Community. An exchange of information pertaining to the introduction of or change in current national technical specifications and standards between the members and the ECC was stipulated for this purpose. This decision was, furthermore, to have stimulated joint activity pertaining to the elaboration and introduction of new standards.

In 1984 the members succeeded in coordinating the basic principles of standardization policy. Specifically, it was decided that current technical rules would be reviewed constantly for the purpose of removing obsolete specifications. The national authorities dealing with questions of standardization are to be guided by uniform rules. Joint consultations are provided for in cases where technical rules are developed or operate in any country which, in the partners' opinion, could have negative consequences for the functioning of a single domestic market and so forth.

In May 1985 the Council of Europe approved an ECC proposal concerning a "new approach" to policy in this sphere. The "novelty" is that instead of the complete replacement of national standards by standards determined by the ECC, the standardization merely of the "basic demands" made of the commodity is proposed. They include assurance of the safety and health of the population, environmental protection and others. The essence of this approach is that a commodity produced in accordance with national standards and with regard for "basic demands" acquires the right of free circulation in all EC countries following ECC approval.

Thus the unification of national standards is confined to coordination of "basic demands". A common standard recording "basic demands" ("model directions") will be determined for each sufficiently important category of industrial commodities with uniform characteristics. As far as technical parameters and specifications are concerned, it is assumed that the "model directions" will contain a reference either to the technical specifications of the EC or the corresponding national specifications. The latter, incidentally, will gradually be replaced by uniform specifications. The Community is hoping that the "new approach" to standardization will facilitate appreciably the free movement of goods between countries of the grouping.

The formation of a single domestic market is impossible without a liberalization of the state orders market, which at the start of the 1980's accounted for approximately 15 percent of the EC countries' GDP. The placing

of orders is an important lever with which the state supports individual sectors of the economy and defends the interests of national industrial circles. Discrimination in this market, garbed in a variety of concessions to national firms, is creating considerable obstacles to the development of trade within the Community framework.

The Treaty of Rome prohibits all restrictions discriminating against members of the grouping in a given market. Several directions were adopted in the 1970's in accordance with this regulation. They abolished, in particular, the restrictions on the admittance of firms of the participants to state orders in the field of public works, established a procedure for notifying the companies concerned of the availability of such orders and so forth.

However, this did not solve the problem of the creation of a single state orders market. The numerous exceptions provided for by the directions (on the pretext of defense of the interests of state security, failure to correspond to the requisite standard of performance and others) afford state authorities an opportunity to select a contractor primarily from the ranks of national firms. In turn, the latter put pressure on the state authorities inasmuch as the profitability level of their production frequently depends to a considerable extent on a state orders market which is closed to overseas producers. According to certain data, the prices of commodities purchased by state organizations are overstated by an average of 10 percent compared with the price of the free market. On a Community scale the annual losses from the discreteness of these markets amount to approximately 40 billion ECU (16).

The member countries stubbornly impede the granting of state orders to contractors not only from third countries but also from partner states. As a spokesman for the FIAT concern declared, "in Europe today the term 'state' is equated with the term 'national'" (17). Thus in 1982 all orders put out for tender by the state authorities in Italy were given to national contractors. In the same year national firms in the FRG obtained 99.7 percent of state orders, in France, 99.1 percent, Great Britain, 98.3 percent, and the Netherlands, Belgium and Denmark, 96 percent. Endeavoring to assist their companies, particularly in the sale of progressive technology products, governments are thereby contributing to the increased exclusiveness of the national markets.

The ECC proposes the solution of these problems by way of increased competition in the sphere of state orders and the unification of the national organizations responsible for this market in a single institution at the level of the whole Community. According to the White Paper, an important place among the measures pertaining to the formation of a single state orders market should be occupied by the creation of an advance information system. It is intended to promptly make available data on the availability of state orders in the member countries. Thus firms of the latter would obtain certain advantages over the companies of third countries, primarily the United States and Japan.

In its activity pertaining to the organization of a single domestic market the Community is encountering considerable difficulties and, primarily, a serious lag behind the set timeframe. This was discovered literally a few months after

the heads of state and government of EC countries determined, in June 1985, a timetable of the corresponding measures. It was intended that in the latter half of 1985 and in 1986 the EC Council would ratify 134 proposals of the Commission, but in reality it was possible to agree on only 50 in this time. ECC representatives link this with the sluggishness of the experts to whom the elaboration of specific proposals was entrusted and the lack of coordination between individual authorities of the Community.

However, the main reasons are to be found in the contradictions between participants in the grouping. Discussion of the first series of measures even incorporating questions of the standardization of foodstuffs, environmental protection, financial services and transport showed, according to the FINANCIAL TIMES, that "Bonn is in the protectionist camp, while France, together with Great Britain and the Netherlands, is on many issues on the other side of the fence" (18). The "peripheral countries"--Greece, Ireland and Portugal--instead of an opening of their markets are demanding concessions in other spheres, specifically, increased assistance via the Community's regional and social funds. The leaders of the Community are hoping that the creation of a single domestic market will proceed more rapidly after the members have ratified the Single European Act. It stipulates that the bulk of the decisions in this sphere will be adopted not unanimously, as before, but by necessary majority. It is most likely that certain progress is possible only in individual areas of the formation of a single domestic market. Among these are the unification of technical standards and specifications, a simplification of customs formalities and border control and a partial liberalization of services.

#### FOOTNOTES

1. EUROPE DOCUMENTS, 5 December 1985.
2. See 30 JOURS D'EUROPE, February 1983, p 9.
3. LE DOSSIER DE L'EUROPE, April 1985, p 5.
4. COMMUNAUTE EUROPEENNE INFORMATIONS, July 1985, p 5.
5. LE DOSSIER DE L'EUROPE, p 5.
6. EUROPE DOCUMENTS, 4 March 1983, pp 12-14.
7. M. Albert, "Un pari pour l'Europe. Vers le redressement de l'economie europeenne dans les années 80," Paris, 1983, pp 109-110.
8. COMMUNAUTE EUROPEENNES INFORMATIONS No 152, October 1983, p 5; FINANCIAL TIMES, 6 November 1984.
9. LE DOSSIER DE L'EUROPE, p 3.
10. COMMUNAUTE EUROPEENNE INFORMATIONS, December 1983, p 4.
11. THE ECONOMIST, 17 August 1985, p 47.

12. FINANCIAL TIMES, 4 April 1985.
13. M. Albert, Op. cit., p 30.
14. FINANCIAL TIMES, 11 March 1985.
15. EUROPE, 3-4 February 1986.
16. M. Albert, Op. cit., p 109.
17. EUROPE, 11 April 1986.
18. FINANCIAL TIMES, 25 June 1986.

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"Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1987

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CSO: 1816/11

## DISCUSSION OF STATE-MONOPOLY CAPITALISM CONTINUES

[Editorial report] Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7, July 1987 publishes on pages 94-98 an article by S. Mochernyy (Kiev) as part of its ongoing discussion "State Regulation and Private Enterprise in Capitalist Countries: Evolution of Interrelations". The article, entitled "Question of the Historical Prospects of State-Monopoly Capitalism," emphasizes the importance of the general laws of the development of capitalist methods of production as set forth in the works of Marxism-Leninism and quotes several relevant passages. The author then asks: "How are these general laws to be interpreted under the conditions of the continuing wave of reprivatization in a number of capitalist countries?" It is his view that "the movement of capitalism from monopoly to state control, to a strengthening of state ownership as the highest form of capitalist socialization of the productive forces is not abating" and that in the United States and other capitalist countries the process of the state taking control of the national income and credit-finance resources is more intensive than is reprivatization. In developing his case Mochernyy takes issue with the positions of I. Osadchaya as stated in another article in this series (MEMO No 3, March 1987, p 65). Mochernyy concludes by saying that he understands "state capitalism not as a stage, not as a degree of imperialism, but only as the highest phase of state-monopoly capitalism, the development of which is at the stage of formation, and for this reason it is possible to speak of its approach only relative to the future and only about trends which are just taking shape."

CSO: 1816/11-P

## CURRENT PROBLEMS OF WORLD POLITICS

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 7, Jul 87 (signed to press 15 Jun 87) pp 99-118

\V. Amirov, V. Baranovskiy, V. Mashin and M. Strezhneva international roundup for 1 March-31 May 1987}

\Text} "Russia and Russian are in style this year," the British weekly THE ECONOMIST writes. The terms "glasnost" and "perestroika" have become firmly established in the vocabulary of international politics. These two Russian words need no translation. They are today understood by everyone. Indeed, it is really difficult to remember when last was the interest in our country and the processes occurring therein so great. The Soviet leadership's policy of democratization of social life in the Soviet Union and economic and spiritual renewal are being perceived overseas ambiguously. Our country has many friends, who are sympathetic toward the transformations in the USSR and sincerely wish the Soviet people success in socialist building.

But there are also many who would like to impede the progress of our society, thwart the restructuring and portray the development of openness in the USSR as a threat to the security of other states. "The coming to power of General Secretary Gorbachev," USIA Director C. Wick declared in a speech, "has contributed to new and more dynamic leadership. Moscow is propagandizing in the eyes of the whole world a new aspect of open politics.... But 'glasnost' is a propaganda campaign. The Soviets are attempting win in a war of symbols. If they win, this will mean that they have won in the war of public diplomacy. And what would we lose in this case? Something very considerable, we could lose our security." Absurd? Yes, but, alas, this is the thinking of many responsible figures in the West. Although, it would have seemed, the foreign policy philosophy formulated by the CPSU leaves no doubt as to the true intentions of the Soviet state. The view of the world as being interconnected and largely integral, in which security may only be general, has become firmly established therein. The latter cannot be assured by some at the expense of others. The new conceptual approaches to foreign policy problems have been reflected in practice also. The past spring was confirmation of this.

The Soviet Union's spring peace offensive did not start from scratch. It was lent powerful impetus by M.S. Gorbachev's 28 February statement, which announced the USSR's decision to untie the Reykjavik "package". The Soviet

leadership's bold initiative created a qualitatively new situation at the INF negotiations and changed the atmosphere on the European continent as a whole.

The Soviet Union does not divide the principles of international policy into European and Asian, American and African. It proceeds from the fact that in the present world the peoples of all continents live with common anxieties and hopes.

The Soviet Union's diplomatic initiatives are given particular significance by the fact that they enjoy the support not only of the Soviet people but of the entire socialist community also, which was demonstrated yet again by M.S. Gorbachev's visit to Romania in May. The fraternal socialist countries share the peace-loving principles of Soviet foreign policy and are presenting their own proposals aimed at an improvement in the international situation. Thus on the even of Victory Day Poland put forward a comprehensive plan for a reduction in arms and confidence building in Central Europe. The original zone outlined in this plan encompassing Poland, the GDR, the CSSR and Hungary and also the FRG, the Benelux countries and Denmark differs from the territorial framework of other measures of military detente. It is proposed transferring the center of gravity in the conventional arms sphere primarily to a reduction in types which have the maximum power and accuracy and are capable of use in a surprise attack. The question of a change in the nature of military doctrines to ensure that they might be mutually recognized as exclusively defensive is being put on the agenda for the first time.

An important step in this direction was taken at the meeting of the Warsaw Pact Political Consultative Committee on 28-29 May in Berlin. It examined the situation in Europe and the world as a whole, specifically, questions of preventing nuclear war, the transition to specific nuclear disarmament measures, an easing of tension in Europe, development of the all-European process and the tasks of the struggle for a restructuring of international relations. The participants in the meeting signed the document "Military Doctrine of the Warsaw Pact States," in which they confirmed convincingly that their military doctrine is of a defensive nature and proceeds from the need for the preservation of a balance of military forces at the lowest possible level and the expediency of a reduction in military potentials to the limits of sufficiency necessary for defense.

Confidence-building in relations between all states and a correct understanding of one another's concern, goals and intentions are very important in the present-day complex world. The foreign policy actions which the Soviet Union undertook in the past months showed that it is treating its lofty mission of a great power with all due responsibility.

#### 1. Elimination of Medium-Range Missiles in Europe: New Opportunities and New Difficulties

With the adoption of NATO's "twin-track decision" in December 1979 the question of medium-range nuclear missiles became central in the set of problems of arms limitation and disarmament in Europe. Following the deployment of the American cruise and medium-range ballistic missiles on the territory of Great Britain and the FRG, which began at the end of 1983,

negotiations between the USSR and the United States on this question were suspended. The search for a mutually acceptable solution was resumed only in 1985, when the Soviet-American negotiations on space-based and nuclear arms began in Geneva. The problem of medium-range missiles is being discussed in one of the three working groups thereat. Right up to last fall no significant progress there had been observed. A principal obstacle remained the question of how to take into account in a possible INF reduction the nuclear weapons of Great Britain (64 submarine-based ballistic missile launchers) and France (114 ground- and submarine-based missile launchers).

Meanwhile the deployment of American missiles in West Europe continued. Their total number increased in 1986 from 236 to 316 (108 Pershing 2 ballistic missiles and 208 cruise missiles). The missiles are deployed on the territory of four countries--the FRG, Great Britain, Italy and Belgium; in 1987, according to the NATO timetable, they will be "joined" by the Netherlands (48 cruise missiles). By the end of 1988 all 572 American medium-range missiles are to have been delivered to Europe.

In response to the deployment of the American missiles in West Europe which had begun the Soviet Union deployed increased-range operational-tactical missiles on the territory of the GDR and the CSSR and also ended the unilateral moratorium on the further deployment of SS-20 missiles. However, subsequently the medium-range missiles which had been deployed additionally were removed from alert status. At the present time the Soviet Union has on the European part of the country's territory 355 medium-range missiles: 243 SS-20's and 112 SS-4's. These missiles are equipped with 841 warheads.

A most important "breakthrough" in the solution of the INF problem was accomplished during the Soviet-American meeting in Reykjavik (October 1986). Agreement was reached in principle on the complete elimination within a period of 5 years of this class of arms in Europe; outside of it each side would be authorized no more than 100 warheads--on the Soviet medium-range missiles in Asia (which would constitute 33 SS-20 missiles) and also on the American medium-range missiles on the territory of the United States itself. It was thus possible to agree on a mutually acceptable formula, which could have been made the basis of a corresponding Soviet-American accord.

However, this formula was an integral part of the overall Reykjavik "package," which, besides the INF problem, also incorporated questions of a reduction in strategic offensive arms, the nonmilitarization of space and a ban on nuclear testing. Owing to the unwillingness of the American side to display flexibility on the question of the SDI, the meeting in the Icelandic capital led to no official agreement whatever. The possibility of the practical realization of an INF accord was blocked.

A most important new initiative of the Soviet Union, which proposed separation of the problem of INF in Europe from the entire bloc of questions discussed at the Soviet-American negotiations and the conclusion of a separate agreement thereon, was put forward in M.S. Gorbachev's statement on 28 February 1987. In proposing to untie the Reykjavik "package" the USSR proceeded from the possibility of the implementation as quickly as possible of one of its components. As already observed, there is for this not simply a basis but

practically a ready accord. In the other areas, however, if judged from the results of the discussion during the top-level meeting and the progress of the Geneva negotiations, the alignment of the positions of the USSR and the United States in a common denominator was a more complex matter. Under these conditions waiting until progress had been made on all the questions under discussion without exception would essentially mean hampering progress where it is possible today even. On the other hand, success in the elimination of INF on the European continent could lend new impetus to the negotiations on a reduction in strategic offensive arms and the nonmilitarization of space.

The Soviet Union's initiative evoked the broadest interest worldwide. The most difficult of the obstacles in the face of a decisive stage of East-West negotiations has been cleared away--such was the theme of the majority of the comments on M.S. Gorbachev's statement in the American and West European mass media.

The reaction of government authorities of the NATO countries was more restrained, guarded and equivocal. Nonetheless, it is impossible even for skeptics to escape the fact that the "zero option" was once put forward precisely by the Western states, and rejecting it today, when the Soviet Union has displayed a readiness to move toward the zero mark in respect of the INF in Europe, would mean completely discrediting their own position and admitting it to be solely of a propaganda nature.

This, incidentally, is, to judge by everything, what it was when the "zero option" was formulated for the first time by President R. Reagan in November 1981. The manifest hope was that the offer to "exchange" Soviet missiles which were actually deployed for Pershings and Tomahawks which it was only planned to deploy, and without, what is more, consideration of the French and British nuclear missiles, would be turned down as unacceptable to the USSR. And in the purely propaganda plane this hope was essentially justified: the Soviet position was portrayed as unconstructive, the Western public simultaneously being persuaded of the readiness of the governments of the United States and the other NATO countries for a radical solution of the problem and the inappropriateness of the demands being addressed to them that a new round of the arms race be prevented. Beating back the wave of the antimissile movement in West Europe, which was threatening to prevent realization of the plans for the "retroarmament" of NATO--this was the main purpose of the entire "zero option" operation.

But even then a whole number of Western politicians and defense experts were expressing serious reservations in connection with this formula, which, however, did not become a subject of extensive discussion inasmuch as the question of its practical realization disappeared quite rapidly. However, under current conditions, when, thanks to the Soviet initiative, the possibility of the complete elimination of INF in Europe has been put on the agenda, the debate surrounding the "zero option" has not simply been resumed but has assumed a truly dramatic nature. At the center of the polemic is the question of how its realization will be reflected in the security of West Europe.

The logic of the arguments of those who fear a complete elimination of medium-

range missiles on the European continent amounts to the following. Nuclear weapons are a key component of NATO's military strategy; the possibility of their use is absolutely necessary for the countries of this bloc if they become the "target of an attack" and cannot stop it with conventional armed forces and arms. And inasmuch as an imbalance is observed at the prenuclear level between the Warsaw Pact and NATO, which the Western countries will be unable to rectify in the foreseeable future, the most dependable means of deterring a potential enemy is the threat of an escalation of the conflict.

This is the essence of the "flexible response" strategy officially adopted in NATO two decades ago. But even then the vulnerability of U.S. territory to a retaliatory nuclear strike gave rise to doubts as to the credibility of the American assurances to West Europe. And today the "zero option" threatens to cut off one further rung of the ladder of escalation. That is, the very class of arms which has compensated, as it were, for the asymmetry at lower levels of the military balance would be removed. And then, according to this logic, decisive significance would be attached precisely to the question of the said asymmetry: if it is not ended, it is impossible to consent to the elimination of the INF. As Gen B. Rogers, supreme commander of NATO Joint Armed Forces Europe, who retired recently, declared, for example, the conclusion of an exclusive INF agreement would confront Europe with Soviet supremacy in conventional arms.

There are two weak spots in this line of reasoning. First, it contains a manifest endeavor to dramatize the situation in which West Europe would find itself in the event of the elimination of INF. The words of R. McNamara, former U.S. defense secretary and a creator of the "flexible response" strategy, are significant in this respect: "We constantly exaggerate the superiority of the Warsaw Pact and the Soviet Union and belittle the power of NATO--this is a fact. The imbalance in the sphere of conventional forces is far from being as great as is usually thought."

In addition, it is by no means a question at this stage of completely depriving the United States' West European allies of "nuclear cover". Not to mention the French and British nuclear forces, 4,600 tactical nuclear warheads would remain in the NATO arsenal. Of course, nuclear artillery or Lance missiles (with a range of up to 30 and 120 km respectively) cannot be compared in terms of efficiency with the INF, and the operations of aircraft fitted with nuclear bombs could to a considerable extent be neutralized by air defense weapons. Nonetheless, this is far from the "denuclearization" of NATO feared by those who believe the safeguarding of security without nuclear weapons impossible.

Second, it by no means follows from the objective interconnection between different spheres of the military confrontation that a reduction therein may be negotiated only on the basis of an all-embracing approach. After all, in that case there could be no question of anything other than some arms limitation "superagreement" embracing all types of weapons and combat equipment--from tanks and armored personnel carriers through ICBM's. And it would in any event be entirely inappropriate to demand that the Soviet Union separate the INF problem from other components of the Reykjavik "package" only in order to thereupon link it with lower levels of the military balance.

Of course, it has to be seen that the ground for such linkage is to a certain extent created by the very nature of the disarmament problem. As attempts are made to remove the upper layers of this problem, increasingly deep-lying seams thereof are discovered and questions which earlier had remained in the background, as it were, acquire appreciable significance. And solving them will evidently be more and more difficult. But it is for this reason, perhaps, that a realistically outlined objective framework of an agreement, not necessarily reduced to a minimum but not so broad either as to require many years of difficult negotiations, is essential.

It was from this that the Soviet Union proceeded when displaying a readiness to consider Western countries' concern in connection with missiles with a shorter range than the INF. As soon as an agreement on the elimination of Soviet and American INF in Europe has been signed, the 28 February statement says, the USSR will withdraw from the territory of the GDR and the CSSR its increased-range operational-tactical missiles. Concerning the other operational-tactical missiles, it was proposed embarking on negotiations immediately for their reduction and complete elimination. M.S. Gorbachev's speech in Prague (10 April) specified the range parameters of these missiles--from 500 to 1,000 km. And on 14 April, receiving U.S. Secretary of State G. Shultz, M.S. Gorbachev expressed a readiness to record in an INF agreement the Soviet Union's commitment to completely eliminate its operational-tactical missiles in Europe. And to do this, what is more, within a comparatively short and precisely determined timeframe--within several months, approximately a year--as M.S. Gorbachev declared the next day during a meeting with a U.S. congressional delegation headed by J. Wright, speaker of the House of Representatives.

Thus the Soviet Union supplemented the Reykjavik INF formula with the proposal for a move to the zero mark in respect of operational-tactical weapons also. Realization of the dual "zero option" would mean that there would be neither Soviet nor American missiles with a range of over 500 km left in Europe (1).

But it is in connection with this proposal that the main struggle has developed in the West. One would have thought that it would have been hard to find any arguments against the USSR's commitment to unilaterally destroy its operational-tactical missiles in the European zone. After all, it was actually proposed that the very asymmetry which has impeded an INF agreement be removed at the level directly preceding the medium-range missiles.

However, imbalance at even lower levels is maintained, the opponents of the solution proposed by the Soviet Union assert. And the West could in no way neutralize it did it not have either operational-tactical missiles or medium-range missiles. Therefore, they believe, what is needed is not a "zero option" in respect of operational-tactical missiles but the establishment of equality at some intermediate level. Inasmuch as the United States does not have in Europe missiles with a range of 500 to 1,000 km, it should be accorded the right to deploy such missiles in a quantity of, say, 80, the same limit being established for the Soviet operational-tactical missiles also.

It is difficult to imagine a more paradoxical picture: the USSR is advocating

the unilateral elimination of its operational-tactical missiles in Europe, while the United States is attempting to persuade it not to do so. But this paradox is essentially purely outward: behind it is the idea that for the West it is important not so much to remove all Soviet operational-tactical missiles from the European zone as to obtain the right to deploy its own operational-tactical systems.

One further "flaw" in the Soviet proposal is seen in the fact that it provides for the elimination of missiles only in the European zone. Preservation of medium-range missiles and operational-tactical missiles in the Asian part of the USSR would allegedly signify the relative relocation of the "Soviet military threat" eastward, which is declared an unacceptable price for a lessening of the nuclear danger for West Europe. In addition, if only some missiles remain in launch position, verification of compliance with an agreement becomes a far more difficult matter than if they are eliminated completely. Both medium-range missiles and, to an even greater extent, operational-tactical missiles (owing to their negligible weight and size specifications) could be relatively easily (and secretly) transferred to Europe. In order to preclude this possibility it is proposed making both "zero options" global, that is, eliminating medium-range missiles and operational-tactical missiles as a class of arms as a whole and not only in respect of this region or the other.

At the same time arguments of another kind are advanced also: it is not worth the West, for political considerations, occupying a hardline position and torpedoing a possible agreement with the Soviet Union but it is essential to provide for other measures which would make it possible to augment NATO's nuclear potential and compensate for the emergence of weak spots in the "flexible response" strategy. Named among such measures is, in particular, the upgrading of the Lance missiles with an increased range to 300-400 km (which would increase their efficiency, but not convert them into the operational-tactical category). Also being discussed is the question of an increase in the number of F-111 bombers based in Great Britain, particularly if they can be fitted not only with nuclear bombs but also missiles fired outside of the enemy's air defense zone. The idea of the deployment in West Europe of B-52 strategic bombers with cruise missiles has been expressed also, but it is being rejected, to judge by everything, by the U.S. Chiefs of Staff Committee on account of the relatively high vulnerability of these airborne delivery systems. On the other hand, many military experts consider an attractive option reservation for the United States of the right to the use of the Holy Loch base in Scotland. As they are replaced by the longer-range Trident system, the American Poseidon ballistic missile-firing strategic submarines will cease to use the base, and it is proposed deploying there "Los Angeles"-class submarines with cruise missiles. And they could be transferred, what is more, to the supreme commander of NATO Joint Armed Forces Europe.

The distinctiveness of the situation is that these plans are being proposed merely for the contingency of realization of the dual "zero option" as a counterweight to the losses with which the elimination of medium-range missiles and operational-tactical missiles in Europe is connected. That is, it is essentially a question of additional arguments in support of a solution of the question of medium-range missiles and operational-tactical missiles,

although these arguments amount to a promise of "retroarmament," the very possibility of which is allegedly opening the way to the conclusion of a Soviet-American agreement. In other words, it has to be considered that an indirect result of the elimination of medium-range and operational-tactical missiles could be a stimulation of NATO preparations at lower levels of the military balance.

But a legitimate question is: does this have to be the necessary price of an agreement? The USSR has stated repeatedly the need for the adoption of serious measures to reduce and ultimately eliminate tactical nuclear weapons, radically reduce armed forces and conventional arms, limit the size of military potentials to a reasonable sufficiency and impart to their structure a purely defensive nature. Of course, negotiations on all these questions are a matter for the future. They will evidently require considerable time and effort, but it would be unreasonable to overburden them today even with new problems, even if under the flag of the struggle for an INF and operational-tactical missile agreement.

A bitter polemic has been developing for several months now in NATO countries around all these questions. Nor is it abating in, specifically, the United States, although it is now, as distinct from the recent past, that the R. Reagan administration (largely owing to the shakiness of its domestic political position) is apparently inclined in favor of an agreement with the USSR.

However, the moderate-conservative grouping, the most influential in U.S. ruling circles (including its most prominent representatives in Congress--S. Nunn and L. Aspin) is opposed to the "zero option". A negative attitude toward it prevails in military circles also--the opposite of the situation which had taken shape in 1979-1980 concerning the SALT II Treaty. A joint article in the LOS ANGELES TIMES at the end of April by R. Nixon and H. Kissinger, in which they vigorously defended the idea of the impermissibility of an INF agreement under the conditions of the preservation of the present correlation of forces between NATO and the Warsaw Pact in the conventional arms sphere, had big repercussions.

Opposition to the "zero option" is observed primarily on the part of the ruling circles which adheres to a traditionally Atlantist orientation in its foreign policy views and is most sensitive to questions which could cast doubt on the dependability of the American nuclear guarantees to West Europe and undermine "NATO unity". But nor can we fail to consider the gradually quickening election campaign. And the more it develops, the more tangible the impact of this factor will be, what is more. In the course of the struggle for the presidency the Democrats will by no means endeavor to support their opponents on so important an issue as an agreement with the Soviet Union; rather the reverse--they will try to make it a target of criticism, putting particular emphasis on arguments of a military-strategic and technical nature.

Here also the question may be put squarely: will the White House move to sign an agreement or not if there is a serious threat that Congress will block it? After all, such a result would be truly catastrophic for the Republicans, the more so with regard for the impending presidential election. In other words,

whereas until the recent past the U.S. Administration might have had, but did not want, an accord with the Soviet Union, today the state of affairs is the direct opposite: although it, to judge by everything, aspires to an agreement, it could find itself incapable of securing support for it within the country.

The more so in that there is no unanimity among the West European allies either. Immediately following G. Shultz's visit to Moscow, intensive multilateral and bilateral consultations among the Atlantic partners began. Things are complicated, however, by the fact that in some NATO countries the attitude toward the "zero option" in respect of medium-range missiles and operational-tactical missiles proved equivocal even at government leadership level.

This applies primarily to the FRG, where the debate has assumed the most turbulent character, which is perfectly natural considering the country's geostrategic position. After all, it is on its territory that the operational-tactical missiles will have to be deployed if a decision is adopted not on a zero level for these missiles but on their incorporation in the NATO arsenals. And the FRG could find itself in the extremely unpleasant position of the sole NATO country which has made its territory available for the missile "retroarmament". In 1979 the FRG succeeded in having this "honor" shared with it by four other countries. But today, when it is a question of missiles of far shorter range, the most serious doubts are being expressed concerning the military expediency of their deployment at a distance several hundred kilometers from the line separating NATO and the Warsaw Pact. The political costs of such a situation for the FRG are obvious. On the other hand, if the dual "zero option" is realized, it will be left as the sole NATO participant vulnerable to missiles with a range less than that of operational-tactical missiles (that is, up to 500 km). All this intensified extraordinarily the debate under way in the country on the question of medium-range and operational-tactical nuclear missiles.

Foreign Minister H.-D. Genscher, who represents the Free Democratic Party in the government, has spoken in favor of the conclusion of a Soviet-American agreement. But A. Dregger, chairman of the CDU/CSU parliamentary group, advocated the elimination in Europe only of medium-range missiles. H. Geisler, general secretary of the CDU, made his consent to the elimination of operational-tactical missiles conditional upon the removal of "the USSR's superiority in tanks and artillery." As far as CSU Chairman F.-J. Strauss is concerned, he demanded that the government defer a "zero decision" even in respect of medium-range missiles. As a result of the disagreements within the ruling coalition FRG Chancellor H. Kohl has for 6 weeks been unable to formulate Bonn's final position in respect of the Soviet proposal concerning the elimination of medium-range and operational-tactical missiles. Only on 1 June did the government announce its consent to possible Soviet-American agreements, but simultaneously advanced the demand that it affect neither the 72 West German Pershing 1A missiles (with a range of up to 740 km) nor the nuclear warheads designed for them, although they are at the disposal of the United States and located on FRG territory, that is, in the effective zone of a future agreement.

Great Britain displayed less hesitation in determining its position. It was

the first important West European country to officially announce, on 15 May, its consent to the "zero option" in respect of operational-tactical missiles, making this conditional, it is true, upon compliance with conditions "properly safeguarding the security of the West". A considerable part in the adoption of this decision was played by the Conservatives' endeavor to demonstrate their constructive approach to questions of arms limitation on the threshold of the elections set for June.

France's position was more evasive. Whereas President F. Mitterrand supported the idea of the elimination of the "Euromissiles" in principle, Premier J. Chirac in fact advocated the deployment of a certain quantity of American operational-tactical missiles in Europe. A sharply negative stance in respect of each of the two "zero options" was adopted by Defense Minister A. Giraud. In connection with the question concerning an INF and operational-tactical missile agreement official representatives of the French leadership more often than not start to argue the exceptionally great significance of the French nuclear "deterrent force," the impermissibility of equating it with medium-range and operational-tactical missiles and taking them into consideration at the Soviet-American negotiations, the need for an agreement which is "balanced, synchronous and verifiable," the importance of maintaining the "nuclear ties" between the United States and West European countries and the desirability of the latter seeking greater cohesion in their approaches to problems of defense and arms limitation.

Formulating the position of the NATO participants on a multilateral basis proved even more difficult. The main practical accord on whether the United States should consent to the proposal concerning the elimination of medium-range and operational-tactical missiles in Europe was not achieved in the course of a 2-day session of the NATO Nuclear Planning Group in Stavanger (Norway), which met in mid-May at defense minister level. At the same time the communique noted the need for a global "zero option" for the INF and global limitations for shorter-range missiles. Only at the NATO Council session held 11-12 June in Reykjavik at foreign minister level was Western countries' consent to the Soviet medium-range and operational-tactical missile proposals finally announced. However, the dual "zero option" was not accepted in full: the FRG's allies supported its demand concerning the exclusion from a Soviet-American agreement of the Pershing 1A missiles and the nuclear warheads designed for them.

Such is the background against which the Soviet-American negotiations are being conducted in Geneva. Their latest round began ahead of schedule--on 23 April. On 27 April the USSR delegation submitted a compromise proposal pertaining to a draft treaty on the elimination of Soviet and American medium-range missiles in Europe. The drafts of certain other documents were proposed for discussion also: concerted statements and common understandings on the treaty, a memorandum on the determination of INF source data and a protocol on the procedures regulating the dismantling and destruction of the missiles.

The Soviet draft provides for the practical realization of the Reykjavik INF accords. Simultaneously it was proposed eliminating the operational-tactical missiles of the USSR and the United States in the European zone and limiting the number thereof outside it to minimum agreed levels. A whole system of

measures which would guarantee compliance with the treaty was elaborated: exchange of data, on-site observation of the reductions and inspections, if necessary, in the areas of the dismantling and destruction of the missiles, at test ranges and military bases (on the territory of third countries included) and at dumps, training centers and manufacturer plants.

The American draft of the treaty had been submitted at the preceding round of negotiations, on 2 March, that is, before the USSR's proposals concerning the elimination in Europe of all operational-tactical missiles of the two countries. The United States is insisting that the treaty record its right to convert the Pershing 2 medium-range missiles into shorter-range missiles. Specifically, it is a question of the already developed procedure of removing from this missile the second stage and replacing part of the electronic equipment on the launchers. In terms of its technical parameters such a missile would pertain not to the medium-range but operational-tactical category. But the reverse operation, specialists attest, could be accomplished within 48 hours, which would essentially make a fiction of the removal of these missiles from Europe.

There is also another, no less (and, perhaps, more) important facet of the problem. The removal of the American medium-range missiles in West Europe, which reach the Soviet Union, would contribute to a strengthening of its security. The operational-tactical missiles with which it is contemplated replacing them do not reach the Soviet Union--the sole target for these missiles would be the territory of the East European countries. So why does the West think that the USSR might consent to a strengthening of its security at the expense of the security of its Warsaw Pact allies?

In its draft of the treaty the United States reserves for itself also the right to rebase the long-range cruise missiles on surface ships. But such rebasing would require no design changes to them at all inasmuch as the American sea-based cruise missiles differ from ground-based cruise missiles only in the yield of the warhead (200-250 kilotons and 10-15 kilotons respectively) and, consequently, the "return" of these missiles to Europe would present no problems either. In addition, exceptionally big difficulties arise in respect of verification: how to be sure that the sea-based cruise missiles are not simply medium-range missiles, whose authorized number is limited to a level of 100 warheads (and for the United States, what is more, deployed within the confines of its national territory), stored on ships?

Certain other provisions of the American draft, specifically, concerning the procedure of the reductions, and also the endeavors of the United States to reserve for itself the right to deploy its remaining medium-range missiles in Alaska, that is, within range of USSR territory, also drew criticism from the Soviet side.

In connection with the advancement of the Soviet proposal concerning the elimination of all operational-tactical missiles of the two countries in Europe the negotiations entered a new phase. The sides were able to compile the first joint draft INF treaty reflecting their positions as of the start of June. But there continue to be obstacles connected with the above-mentioned singularities of the American position. Meanwhile the time factor is assuming

decisive significance. Even following the sides' agreement in principle on the basic parameters of an accord, a tremendous amount of extremely crucial work will be required to clarify all the specific details of the agreement. The task is to have formulated a fully agreed joint draft treaty by the fall. In this case it could be a subject of study and signature at the Soviet-American summit.

Essentially a unique opportunity has now arisen for a major breakthrough in arms limitation and disarmament on the European axis. This opportunity has been created largely thanks to the bold, exceptional initiatives of the Soviet Union. Its realization could open the way to new, even more significant steps in the direction of the creation of a secure world.

## 2. West Europe and the New Political Thinking

To judge from the amount of news material and commentary on events in our country now appearing in the leading West European newspapers and journals and also from their tone, which is, on the whole, manifestly changing in the direction of greater benevolence, the restructuring which is under way in the Soviet Union and the assertive actions of Soviet diplomacy have become an object of close attention in the broadest political and public circles of West Europe.

The Anglo-Soviet and Franco-Soviet negotiations which took place in the course of visits to our country by British Prime Minister M. Thatcher 28 March-1 April and French Premier J. Chirac 14-16 May may serve to indicate this increased attention. Both West European leaders displayed particular interest in problems of the economic restructuring and the process of democratization of Soviet society. These problems are being debated extensively in NATO bodies. On the other hand, a large part of the questions which the editorial office of UNITA, the newspaper of Italy's communists, put to M.S. Gorbachev were devoted to them.

The proposals which the Soviet Union has presented recently and the nature of the changes occurring in our country are exceptionally attractive in the eyes of the West European public and many politicians of countries of the region. Thus FRG Foreign Minister H.-D. Genscher declared in an interview with Westdeutscher Rundfunk radio: "The Soviet aims and the aims of the Soviet general secretary amounting to a modernization of his own country and its democratization and to the opening of its doors to the outside world and a lessening of the arms burden--these are aims which will benefit us also if they are really accomplished. Therefore we should support them...." He is echoed by D. Healey, a leader of the British Labor Party: "The Soviet Union has embarked on the most far-reaching changes since the 1917 revolution. already adopted by the Soviet leadership and the encouragement of greater openness in the mass media and in the arts testify to a fundamental change in Soviet policy, to which the West should respond positively."

The new thinking in international affairs represents a logical continuation in foreign policy of the course toward domestic reconstruction. It is natural, therefore, that it is the circles which construct their political well-being on the preservation in its previous forms of "Atlantic unity," consolidating

it with inveterate prejudiced ideas concerning Moscow's aggressiveness, and which are endeavoring to use nuclear weapons as an instrument of political influence which are skeptical toward the changes in the Soviet Union. They are trying to portray them as something temporary aimed at securing a breathing space to tackle economic tasks or the result of concessions to the political pressure of the West.

The reaction of official French circles is distinctive in this respect. On the eve of his visit to Moscow French Premier J. Chirac said in an interview that he was going to the Soviet Union "with benevolence," adding that "with the arrival of Gorbachev a certain evolution, a certain new approach to problems are appearing in the Soviet Union.... We need to see whether this evolution can lend impetus to a genuine policy of detente." It is known, however, that, having allocated huge resources for the production of its own chemical and neutron weapons and an upgrading of the nuclear arsenal, Paris officially unashamedly resorted when putting the corresponding bills through the national parliament to the aid of old arguments concerning the "Soviet threat". The impression that is created is that France's ruling circles would like to take advantage of the innovative efforts being made by the Soviet Union pertaining to the fundamental deliverance of Europe from the military danger to fill some vacuum, confirming France's reputation as a "hawk" on disarmament issues.

According to the statements now coming from Paris, a national consensus has taken shape on defense issues. As the newspaper LE FIGARO maintains, taking the data of a special poll as a basis, "covered by its deterrent force... France has forged such reliable armor that it may (justifiably or not entirely) take a tranquil view of all international peripeteias, even when debate concerning the nuclear arsenal heats up. Thanks to confidence in its security, the public broadly approves France's European policy."

France's participation in the arms race is consistently opposed by the PCF. French communists maintain that a genuine security policy should be based on correct economic and social policy and participation in disarmament, nuclear particularly. L'HUMANITE, the newspaper of French communists, analyzed the results of the poll which LE FIGARO cited in its conclusions. It saw them as "a manifest example of disinformation and the manipulation of the answers received from those polled." An attempt was made with the aid of tendentious, compiled questions and accompanying commentary to prove that the French reject the peace-loving proposals of the Soviet Union: 45 percent of those polled saw the "zero option" as a "Soviet trap for Europe"; 42 percent believe that the Soviet leadership has no intention of seeking profound changes in the Soviet Union; and 62 percent feel hostile toward our country.

Nonetheless, even LE FIGARO was unable to fully conceal the trend toward a change in the French public mood in the approach to problems of disarmament and evaluations of the Soviet Union. Compared with a LE MONDE poll, whose results were published in November 1985, the number of people with a positive view of the Soviet Union's foreign policy had doubled. Some 37 percent of the French have a benevolent attitude toward the changes in the Soviet Union.

The poll data testify also that the majority of the French does not know the Soviet position. This is not surprising if it is considered that the press

close to government circles presents even the prospect of the conclusion of an American-Soviet INF accord as the result of a "game of chess which has been played swiftly and deftly by Moscow and which has been accepted by Ronald Reagan, mainly from American domestic policy considerations."

The Franco-Soviet negotiations held during J. Chirac's visit to Moscow confirmed that relations between the two countries are in need of considerable boost for a revival of their friendly character in full.

France together with Great Britain, as West Europe's sole possessors of their own nuclear weapons, could make a particular contribution to the deliverance of the continent from the threat of nuclear annihilation. However, in the course of his visit to Moscow the French premier practically confirmed that his government intended to continue its reliance on "nuclear deterrence".

The results of the visit to the USSR of British Prime Minister M. Thatcher, which were positive as a whole, were also clouded by London's unconstructive approach to the problems of delivering Europe from nuclear weapons.

The practice of recent months testifies that the leaders of the leading West European states are lagging in their recognition that the efforts of the Soviet Union have brought the problems of nuclear disarmament to a new level. And it seems that NATO authorities are even trying to consolidate this lag.

The constructive participation of West Europe is an indispensable condition of real progress in the business of a reduction in all types of arms and of security and cooperation on the continent getting its "second wind". From the viewpoint of the prospects of the all-European process great significance is attached to the political consolidation of the West European center, whose nucleus is the European Community, which is now being observed. It may in this connection be recalled that 25 March was the 30th anniversary of the signing of the Treaty of Rome constituting the legal basis of the Common Market.

The problems of the restructuring of the Community have remained unsolved for a long time, which is hampering the development of integration as a whole. Permanent grounds for disagreements between the partners are preserved. At the same time the EC has obvious achievements to its credit: the number of participants in the integration association has doubled, increasing from 6 to 12.

The Community today is a powerful trading bloc rightly laying claim to its own international political role. On the basis of the economic interdependence which has been achieved and the proximity of geostrategic positions the leading West European countries have reached a notable degree of political accord.

The interest in a dialogue which has been demonstrated recently by members of the European Community and the European socialist states is affording good prospects for the development of economic and political relations between them. CEMA and the EC are now not unsuccessfully engaged in a joint search for a basis of future cooperation relations. In parallel with the establishment of relations between CEMA and the EC relations of the countries incorporated

therein with bodies representing these associations are beginning to take shape. The Soviet Union, for its part, is ready to proceed in this way and establish relations with the Community. As M.S. Gorbachev said in an interview with the newspaper UNITA, "when this happens, many interesting undertakings will be possible." The important, positive role which the European Community once performed in the unfolding of the Helsinki process, in particular, permits us to hope for this.

Certain West European circles aspire to augment the military-political dimension of regional cooperation.

The bilateral meeting of the defense ministers of Britain and France in March was conducted in this key. It was agreed thereat to discuss problems of nuclear and conventional defense in greater detail. French President F. Mitterrand invited former FRG Chancellor H. Schmidt to the Elysee Palace to discuss problems of European security. On 16 March British Foreign Secretary G. Howe added his voice to those who would like NATO defense policy and weapons to be made to a greater extent in Europe.

Particular attention in this connection was attracted not for the first time to the Western European Union--practically the sole multilateral authority in West Europe which undertakes discussion of military-political problems. "The assembly of the Western European Union," its chairman, J.-M. (Karo), declared, speaking in Luxembourg on 28 April, "will persistently strive for West Europe's participation in all the main debates concerning the fate of Europe and its security. We intend defending this position of ours before the United States." Somewhat earlier the same month J.-M. (Karo) had headed a delegation consisting of seven WEU members of parliament who had been invited to the Soviet Union by the USSR Supreme Soviet.

The invitation of the WEU delegation and the discussions held in the course of the visit are further confirmation of the sincerity of the Soviet Union's aspiration to seek ways to peace together with other countries. In a certain sense the claims being laid currently in West Europe to the particular role of the countries of the region in determination of the future structures of European security are a kind of retaliatory response to the new Soviet initiatives and, particularly, the accords outlined in the course of the American-Soviet negotiations on the elimination of medium-range missiles in Europe. However, the question arises as to the accomplishment of which tasks is being pursued here.

The answer to this shows through in the "West European Charter of Security Principles" advanced by French Premier J. Chirac last December. These principles include reliance on nuclear deterrence potential; a policy of deterring both the nonnuclear and chemical and nuclear "threat from the East"; the continued presence of American conventional and nuclear forces on the continent; and also "realistic and verifiable" arms reduction agreements. It is perfectly obvious that, taken together, they are geared not to the safeguarding of European security on a fundamentally different, just basis but to the consolidation of the traditional NATO structures. It is a question merely of a strengthening of their "European support" for the contingency of a deterioration in or complication of American-West European relations.

Actually, there is nothing new in J. Chirac's "principles," and his speech was made particularly distinctive by the fact that it came from the head of the government of a country which does not participate in NATO's military organization.

Naturally, the Soviet Union cannot fail to display concern in connection with the attempts of certain West European, French included, circles on the pretext of West Europe's more active participation in safeguarding its own security to dredge up the old ideas of the integration of national military-industrial complexes in the region and the creation of a supranational West European army, which are directly contrary to the task of a lowering of the level of the military confrontation in Europe. At the present stage, it would seem that the opposition social democratic and socialist parties of a number of West European countries, proposing a variety of "nonoffensive defense" concepts, which could serve as a subject for a comparison of views and an exchange of opinions, are approaching problems of European security with greater responsibility.

The positive results of the 15th congress of the Union of Socialist and Social Democratic Parties of European Community countries held at the end of May in the resort suburb of the Portuguese capital, Estoril, call attention to themselves also. Its delegates advocated a halt to nuclear testing (only the French socialists abstained on this point) and gave high marks to the USSR's proposal concerning the elimination of medium-range missiles on the European continent. The final document of the congress also contains an appeal for the abandonment of the development, testing and deployment of space-based weapons. The participants in the forum supported the broadening of contacts between the Common Market and CEMA for a strengthening of the process of detente on the continent.

In the debate concerning the Soviet Union in the West the assumption that the central goal of the restructuring is the solution of problems of technological renewal is heard quite often. But are the West European states themselves not encountering tasks set by the current stage of the S&T revolution? The Eureka program and the attempts to create a "technological community" based on the EC testify that the benefits of regional cooperation in this sphere have already been recognized in London, Paris and Bonn. It remains to add that trust and mutual understanding could contribute to the surmounting of many political barriers in the business of the cooperation of all the European peoples in the joint use of modern S&T achievements.

According to the statement of FRG Foreign Minister H.-D. Genscher, "if today there is a possibility after 40 years of East-West confrontation of a change in their relations, it would be a historic error on the part of the West to let slip this possibility merely because it cannot rid itself of the old thinking." Coming from the governments of West European countries as yet is, at best, merely the affirmation of "gratifying signs" that, as British Foreign Secretary G. Howe declares, "the present Soviet leadership evidently really wishes to put East-West relations on a more stable footing."

Analyzing the Soviet proposals and advancing their reservations in respect of them, West European leaders are essentially continuing to demonstrate a

stinginess in respect of their own constructive ideas. They frequently remain in postures rooted in West Europe's subordinate position within the framework of the North Atlantic bloc. Attempts continue even under the new conditions to level at the Soviet Union the threadbare charges of their human rights violations.

When, on the other hand, the Soviet Union proposes an open, public discussion of problems of humanitarian cooperation in all aspects and the convening for this purpose of a representative international conference, French politicians, for example, express, to put it mildly, a guarded attitude.

West Europe is reacting passively and slowly to the change in the situation, in which the Soviet Union has removed many obstacles from the road of disarmament and detente. At the same time, however, there are shoots of a new approach based on the achievement of the extensive, multilevel cooperation of the European peoples and their common interest in a continuation of the all-European process. Its progressive development would contribute to converting Europe from a proving ground of the military confrontation to a university of the new thinking setting for all an example of a nonpower approach to the solution of international problems.

### 3. A Near East Settlement: Return to the Soviet Proposals

The new political thinking and the new foreign policy practice of the Soviet Union corresponding thereto distinguish as a principal problem that of unblocking regional conflicts, a particular place among which is occupied by the Near East knot. This year witnesses the 40th anniversary of the passage on 29 November 1947 of the UN Palestine Resolution, which contained the decision on the formation on the former British mandated territory of two independent states--Arab and Jewish. One of them, Israel, was created in 1948. An inalienable part of the resolution, however, namely, the exercise of the legitimate rights of the Arab people of Palestine and the creation together with Israel of an Arab Palestinian state, has yet to be implemented.

As is known, in the interests of a just and lasting settlement the Soviet Union proposed the convening of an international Near East peace conference with the participation of all interested parties in the region, including Israel, the Palestinians represented by the PLO and the Arab countries and also the permanent members of the UN Security Council. The Soviet proposal is today at the center of attention, having acquired practically universal support.

The idea of an international conference is no longer rejected even by those who until recently were essentially blocking even discussion of the very principle of a collective settlement of the conflict. Its convening has been advocated by Egyptian President H. Mubarak and S. Peres, present foreign minister of Israel, who reached agreement on this issue back in September 1986 at a meeting in Alexandria. True, as distinct from their foreign minister, an international conference is categorically opposed by Y. Shamir, present prime minister of Israel, and cabinet members representing the Likud bloc in the coalition government. Of other direct participants in the Arab-Israeli conflict, the proposal concerning the convening of an international conference

has been supported by Jordan and Lebanon. The Palestinian organizations which participated in the 18th session of the Palestine National Council in Algiers defined their attitude toward it as positive.

There has been much speculation in the Western press concerning the position of Syria, which is allegedly opposed to the holding of a peace conference. Such inventions were refuted yet again during the official friendly visit to the Soviet Union of Syrian President H. Assad which took place 23-25 April. Speaking in the Kremlin, the Syrian leader confirmed that Damascus was indeed not interested in a conference which would provide international cover for the achievement of the interests of the United States and Israel, which need an "umbrella" for the realization of partial and separate solutions, to which they aspire, as before. But at the same time he observed that "Syria acts in the name of the achievement of genuine peace and calls for an international peace conference on a healthy basis and with a clear purpose, which would lead to an end to the occupation and aggression and the restoration of rights to those to whom they should belong."

The Soviet initiative has gained broad international support also. The UN General Assembly passed by an overwhelming majority at the end of last year a resolution calling for the convening of an international Near East conference and the creation of a preparatory committee with the participation of the five permanent members of the Security Council. The participants in the conference of nonaligned countries in Harare and the Islamic conference in Kuwait unanimously supported the convening of a collective forum for a settlement of the Near East conflict. On 23 February the Common Market countries adopted the Brussels Statement, which also approved this idea. Despite its manifest reluctance, but under the pressure of two obvious circumstances--the sorry consequences for U.S. foreign policy of "Irangate" expressed also in a growth of the distrust of Washington on the part of Arab countries and the pronounced revitalization and stimulation of Soviet-Arab relations, which also, the White House believes, requires an increase in "pro-Arab" emphases and elements of evenhandedness in its Near East policy--even the United States was ultimately forced to agree in principle to the convening of a peace conference.

However, in spite of the international consensus which has been reached concerning the need for a collective search for a settlement of the conflict, it is obviously still premature as yet to say that the question of the convening of an international conference is now on a practical footing. Nor does the report on the Near East situation put out on 11 May by the UN secretary general afford any grounds for optimistic assessments. In accordance with the resolution of the UN General Assembly 41st Session, J. Perez de Cuellar held consultations from February through May of the current year with members of the Security Council and the parties directly involved in the conflict and also PLO representatives concerning the convening of a Near East conference. It was on the basis of their results that the report was prepared; while pointing to signs of greater flexibility in the sides' approaches to the negotiating process, the UN secretary general was nonetheless forced to observe therein that "at the present time there is not sufficient unanimity which would permit the convening of an international conference."

Clearly, there are still many obstacles both of a procedural nature and

concerning the essence and content of the problems which are to be the subject of the negotiations. Overcoming them is not easy, although it possible if approached from standpoints of realism and a readiness to seek mutually acceptable solutions. And such an approach must be displayed by both sides.

Whatever the differences between the parties to the conflict, there is now, perhaps, common understanding concerning the fact that a settlement must provide the answer to a number of fundamental questions. The main one is: to be or not to be for the Palestinian state? The question of the Arab territory occupied by Israel arises also. This is territory on which a Palestinian state is to be created. It is the Golan Heights, which belong to Syria. It is, finally, the part of Lebanon which is, as before, under the control of Israel and its puppets. Guarantees of the secure existence of all states of the region should also be an integral part of a settlement. Of course, an international solution and not the unilateral actions of the Israeli Knesset should determine the status of Jerusalem, which Israel has declared "the eternal and indivisible capital" of the Jewish state. It is this list of problems which requires concordance and compromise formulas.

Naturally, presenting drafts of a final settlement at the present stage is premature. Such an approach would complicate possible negotiations considerably, considering the positions on, say, the problem of Palestinian statehood of on the one hand Israel and, on the other, the PLO. Nonetheless, the Soviet Union proceeds from the fact that a just political settlement of the Near East conflict is feasible only given fulfillment of the following fundamental conditions: Israeli forces must be withdrawn from the territory which they have occupied since June 1967; the legitimate right of the Arab people of Palestine, as far as the right to the creation of their own state, must be recognized; all countries of the Near East, including, of course, Israel, must be reliably assured an opportunity to live under conditions of peace within secure and recognized borders.

The Soviet position is in fact fully in keeping with the "Fez initiative"--the model of a Near East settlement adopted at the meeting of heads of state and government of Arab countries in the Moroccan city of Fez in September 1982.

Discovering parallels in the Soviet approach and the plan for a settlement formulated by the Arab leaders is not difficult. It is possible to speak of a complete coincidence of positions in respect of individual provisions thereof. And this applies to key problems, what is more, including the Palestinians' right to the formation of their own independent state. But it is here that the main disagreement between the Arabs and Israel, which rejects the very possibility of the creation of a Palestinian state, lies. The United States adheres to a similar position. It is appropriate emphasizing here that the "Fez initiative" recorded an important change in the position of the Arab side. Albeit indirectly, it confirmed the Arab states' recognition of Israel's right to exist within internationally recognized borders.

The differences in the initial positions of the sides show how difficult is the path that has to be trodden for the formulation of a compromise. And the difficulties which were revealed at the earliest stage of the sounding out of the possibilities of the convening of a conference are only of a procedural

nature at first sight, what is more. In fact when the question of the composition of the Arab delegations and the form of the negotiations is discussed, it is essentially a question of recognition or nonrecognition of the Palestinians' equal rights with the other participants in the conference. In rejecting PLO participation Israel and the United States are from the outset putting a principal character of the Near East drama in an unequal position.

The history of the conflict has provided repeated examples of the fact that maximalism is not the best method of solving problems. Israel should divest itself of illusions concerning the possibility of imposing its demands on the Arabs. The very fact of the inclusion of part of the Israeli ruling circles in the search for conditions for the convening of a conference is sufficient testimony in this respect. After all, even quite recently the Camp David model was being proclaimed the sole acceptable mechanism of a settlement. A choice has now been made in favor of collective efforts, although Tel Aviv is not forgetting to reiterate that an international conference must from the very outset lead to direct negotiations with the Arabs. But for Israel to reach this point there had to be the fiasco of the Camp David process, whose casualties were primarily the Palestinians. They paid too high a price for the disenchantment with which Israeli and Egyptian politicians also are now viewing the fruits of the separate agreements.

The question of why precisely now the sides have come to perceive so keenly the need for a conference would appear fundamental. Practically, indeed, theoretically also a settlement is conceivable either on a separate, bilateral basis or on a collective basis. From this viewpoint the appeal to multilateral diplomacy is explicable by the failure of the attempts to achieve a settlement within the channel of the Camp David outline. But a further option is possible also--betting on the status quo and a freezing of the situation. Such has already occurred, what is more. For many years many people in Israel believed that a policy of preservation of the evolved situation corresponded to the long-term interests of the Jewish state. And the relative passivity of the Reagan administration on questions of a Near East settlement induces the thought that Washington also, possibly, was proceeding from the fact that there was plenty of time. But now, however paradoxically, it is the Israelis--in the person of S. Peres--who are portraying themselves as the initiators of a resumption of efforts pertaining to the convening of an international Near East conference. Objections to it have essentially been withdrawn by its two main opponents.

The singularities of the domestic political situation which has come about at the present time in Israel have led to the government of the country in fact coming out with mutually exclusive statements. While Israeli Foreign Minister S. Peres is declaring that there is "no alternative" to an international conference, Prime Minister Y. Shamir is calling it an "insane and monstrous" idea and "national suicide". The disagreements which exist on this question between the coalition partners should not, of course, be elevated to the strategic level. This would be a manifest exaggeration, it is more a question of tactical differences between them. Worthy of attention in this respect is the evaluation of T. Tubi, deputy general secretary of the Israeli Communist Party, who observed that "the official partnership in the 'two-headed'

Likud and Labor Party government reflects the domination of forces whose distinguishing characteristic is an accord aimed at the annexation of Arab territory and against a just peace settlement, the legitimate rights of the Palestinian people and recognition of the PLO as representative of the Palestinian people."

At the same time, however, nor should we, obviously, close our eyes to the fact that the polemic between Shamir and Peres goes beyond the framework of discussion of the question of a conference. The disagreements between them concern not only the form of the negotiations but also their essence. For this reason it would be a mistake to equate the positions of these leaders of Israel. Shamir is unwilling in principle to abandon the occupied Arab territory and intends maintaining Israel's sovereignty over it, according the Jordanian authorities the right to administer their population. In turn, Peres declares that, given certain conditions, he is prepared to agree to the liberation of this territory.

Besides factors of a defense nature explaining the positions of Shamir and Peres, many observers believe that the difference in their approaches to the problem of the Arab territories is connected with the demographic situation, which is developing manifestly not to Israel's advantage. The Israeli leaders conceive of the solution of this problem differently. "Recognizing the dangers connected with demographic evolution," C. Julien, writes about Shamir in the French journal LE MONDE DIPLOMATIQUE, "he is seeking a solution in increased immigration." During his visit to the United States this February the Israeli prime minister insistently requested that American Jewish organizations increase pressure on the government for it no longer to grant automatic refugee status to Jews who have left the USSR and acquired Israeli passports. "But even were Shamir to achieve satisfaction on this issue," Julien continues, "the demographic problem would not be settled. Its possible solution is determined mainly by three factors, namely, the discrepancy between the birthrate indicator for Israelis and Palestinians, the extent of the migration flow and the country of final destination for which Jews who have left the USSR opt."

Peres, however, and those who share his views proceed from the following. Some 50,000 Jews, who constitute less than 4 percent of the total population of the occupied territories (1.3 million Arabs), have in the last 20 years come to live in settlements on the West Bank of the River Jordan and in the Gaza Strip. Thus, they believe, the interest of Israelis and the Diaspora in the occupied territories is too weak to change the correlation of demographic forces. Therefore, in the opinion of, for example, A. Eban, prominent Israeli politician and former foreign minister, were Israel under conditions of complete security to renounce its present role in the occupied territories, it "would be making a concession not only to the Palestinian people but would also be serving its own values and interests."

Numerous speeches of representatives of the Labor Party testify that Peres' supporters are disposed toward the so-called "Allon Plan" based on the criteria of dependable borders along the River Jordan Valley and also a readiness to negotiate on areas in which the concentration of the Arab population is particularly great. The results of public opinion polls

conducted in Israel recently show, despite their equivocal nature, increased support for the idea of a conference among the country's population. Thus a poll whose data were published on 15 May recorded that 52 percent of those polled were for a conference, 43 percent against and 5 percent had no opinion. At the same time, however, only 37 percent believed a peace conference an outcome justifying the resignation of the present government and the holding of new elections (this fact is undoubtedly exerting a restraining influence on Peres, who does not rule out the possibility of breaking up the coalition for the sake of a conference). Another poll conducted by the MAARIV newspaper showed that 46.4 percent of Israelis polled is unwilling to return any part of the West Bank of the River Jordan. The results of this poll testify that only 32 percent of those polled are for the return of these territories, 14.4 percent for the return of the whole region except for East Jerusalem and 4.4 percent for their return together with Jerusalem.

The sole issue, perhaps, on which there is practically national accord is the attitude toward the PLO. Both the Labor Party and the Likud bloc refuse to recognize it. Peres' "flexibility" compared to Shamir in this case is that, according to him, he could agree to the association with the Jordanian delegation of some Palestinian representatives who are not PLO members. A special position has been occupied by cabinet minister E. Weizman, who declared his readiness to meet with Y. Arafat if the PLO leader "recognizes Israel and renounces terrorism". This offer was preceded by a statement of a similar nature of Arafat, however, the majority of observers viewed the calls of the two leaders as the parties' propaganda game.

To judge by everything, Peres evaluates the situation which is taking shape in the region more realistically and understands the need for a certain adjustment of Israeli policy. But the foreign minister will hardly win the support of the government while it is headed by Shamir. There has in this connection come to be increasingly frequent talk about the possibility of a split in the coalition. Whether Peres will move to artificially inflame the domestic political situation with consequences which are hard to predict or not, the very near future will show. One thing is clear now, however: as long as the "national unity" government continues to function in Israel, there will be a serious obstacle en route to a peace conference. Not even the personal intervention of U.S. President R. Reagan helped. According to Western press reports, Shamir answered with a refusal the U.S. President's appeal for agreement to the idea of a conference.

The basis of the change in the American position are, as already observed, the consequences of "Irangate" and the growth of the magnetic force of the Soviet proposals in the region, but a number of other circumstances also. The United States is experiencing acutely the need to change its appearance and convince its Near East partners of its readiness to promote a just settlement. The incident involving the American ship "Stark," which was rocketed by an Iraqi aircraft in the Persian Gulf, forced the United States into retaliatory measures, of a military nature included (a reinforcement of the naval forces present in this region), to cover which a kind of "peacemaking" package was needed also. Finally, as a state with important interests in this area, the United States simply does not consider it possible to remain aloof from the intensifying process of a peace settlement.

In an interview with the Kuwaiti newspaper Al-Qabas President R. Reagan defined the administration's position as follows: "We hold, as before, to the idea of the achievement of peace between Israel and all its Arab neighbors by way of negotiations. For this purpose we have declared our readiness to study all possibilities, including an international conference, which might lead to direct negotiations and a peaceful settlement. Such a conference should immediately lead to direct negotiations, and must not prevent them. In the same interview Reagan once again confirmed his negative position on the Palestinian problem, noting that, from Washington's viewpoint, "Palestinian self-administration on the West Bank and in Gaza in association with Jordan promises the greatest possibilities of a lasting and just peace being achieved." It became known simultaneously from Israeli sources that the United States and Israel had agreed on a secret document containing Washington's commitment to prevent PLO participation in a conference.

The success of the unitary session of the Palestine National Council held in April in Algiers confirmed once again meanwhile that it is the PLO which is the sole legitimate representative of the Palestinian people. The Palestinian movement has managed to emerge from a period of crises. The reconciliation which occurred in Algiers could, it is believed, contribute to a surmounting of the complications in Palestinian-Syrian relations also. This would permit a marked improvement in the Near East situation and would be an important step on the way to a strengthening of the unity so necessary to the Arab world.

This development of events is causing irritation in Israel and the United States. It was not fortuitous that both Washington and Tel Aviv hastened to categorize the decisions adopted at the session, primarily the abandonment of the Jordanian-Palestinian agreement of 11 February 1985 (providing for joint representation at the conference with Jordan), a step away from a settlement. The United States and Israel are making incessant attempts here to persuade the king of Jordan to assume, contrary to the all-Arab decisions, responsibility for the fate of the Palestinians.

A story concerning an alleged meeting in April in London between King Hussein of Jordan and Israeli Foreign Minister Peres, at which a memorandum of understanding stipulating that Jordan would ensure the participation in a conference of Palestinians not linked to the PLO was signed, was spread via the mass media even. These reports were officially repudiated by Amman. Jordan confirmed once again that it recognizes the PLO as the sole legitimate representative of the Palestinian people.

It may, as a whole, be acknowledged that at this time there is a certain potential for a settlement. The main thing is not to squander it and not let slip but, on the contrary, use in full the available opportunities for the convening of an international conference. The Near East conflict is multilateral, and the final settlement should take account of this particular feature. It is for this reason that the Soviet Union believes that the focus of collective efforts should be the preparation of an international Near East conference with the participation of all parties concerned.

The question of Soviet-Israeli relations also could be decided within the

context of a settlement. As M.S. Gorbachev observed in replies to questions of the editorial office of the newspaper UNITA, the Soviet Union has no reason to treat Israel differently than any other state, except for one--Israel's aggressive policy in respect of the Arabs. Diplomatic relations between the two countries could be restored given real progress in a Near East settlement. And this also would be a step contributing to an improvement in the Near East situation.

#### 4. The Vladivostok Program--First Steps

It is almost a year since M.S. Gorbachev's speech which put forward a program of the Asia-Pacific region's incorporation in the building of an all-embracing system of international security. The ideas and proposals propounded in Vladivostok are of a long-term nature. They contain the prospect of a solution of accumulated problems and the establishment and strengthening of the cooperation of states belonging to different social systems. The speech of the general secretary of the CPSU is, as before, being illustrated extensively overseas. The reason for this is the interest in the "new strategy of the USSR in Asia and the Pacific" and the practical steps which the Soviet Union is taking.

The official visits in March of E.A. Shevardnadze, member of the CPSU Central Committee Politburo and USSR foreign minister, to Australia, Indonesia and the fraternal countries of Indochina had big repercussions. In addition, the Soviet minister made a brief stopover in Thailand. It was generally acknowledged that the trip demonstrated not only the Soviet Union's increased attention to Asia-Pacific affairs but also the region's increased interest in USSR policy.

It was the first time in the 45 years of diplomatic relations between the Soviet Union and Australia that Canberra had received such a ranking Soviet official. The SYDNEY MORNING HERALD wrote that the visit "clearly symbolizes the ascent of Soviet-Australian relations to a new level." Australia is a long-standing trading partner of the Soviet Union, which is among the most important purchasers of its farm products. There has been a marked revitalization of economic, political, cultural and scientific relations between the two countries following the assumption of office in 1983 of the Labor government.

Australia is an influential Pacific power and occupies an active position in international affairs. It is opposed to the nuclear arms race and the creation of space-based weapons and supports a suspension of nuclear explosions and the elimination of chemical weapons. Canberra was the initiator of the elaboration and adoption of the treaty on a nuclear-free zone in the South Pacific (the Rarotonga Treaty), the protocols to which were signed first among the nuclear powers by the Soviet Union.

The contacts which took place have led to positive changes in Soviet-Australian relations. The attitude toward the USSR of Australia's ruling circles here, however, remains equivocal. This is caused by the existence of strong anticommunist and anti-Soviet sentiments, which on the eve of the visit of the Soviet representative were actively stoked by the conservative

opposition. It may be said that a certain part of the political establishment operates from a position of intentional distrust. It is illustrated by, for example, the following pronouncement of THE AUSTRALIAN: "Hitherto the USSR has always endeavored to achieve its aims mainly by the use of power and military force. The essence of Soviet foreign policy remains the same."

Such an approach largely determined the "overreaction" which accompanied the Soviet Union's conclusion of fishing agreements with Vanuatu and Kiribati (with the latter a 1-year agreement whose term has expired and has not been extended for commercial reasons). There is another aspect also--the rooted endeavor to see everything from the viewpoint of "the rivalry of the two superpowers" or of East and West as a whole. This is also stimulated by foreign imperialist forces, which are constantly planting in the countries of the region material on the "Soviet threat" theme. This is what, in particular, THE NEW YORK TIMES wrote: "It is expected that in Australia Shevardnadze will encounter concern in connection with the buildup of Soviet military power in the Pacific and attempts to gain access to ports and airfields on the tiny island states by means of fishing agreements." There were similar statements in the local press also.

Under such conditions the very fact of the Soviet foreign minister's visit was of great significance for an improvement in mutual understanding between the two countries. A certain optimism is also inspired by the elements of realism contained in the approach of the present Australian Government. The following statement of Prime Minister R. Hawke called attention to itself: "There is a tremendous ideological gulf between us and the Soviet Union, and there will, I believe, always be such, but... the Soviet Union undoubtedly has an extraordinarily significant place in the peace process.... The times are long past when it was possible to disregard the communists and pay no attention to the Soviet Union, declaring that there could be no dialogue."

The Soviet-Australian talks attracted attention to a considerable extent also because in the past several years the countries of the South Pacific have rapidly been "invading" world politics. This has been connected closely with the fact that political life in the subregion is becoming increasingly diverse: the growth of antinuclear sentiments, the de facto disintegration of the ANZUS bloc, the stimulation of the young island states, their thirst for greater independence, the growth of the struggle in connection with the continuing centers of colonialism and so forth.

There is another aspect also: the Soviet Union's advancement of bold foreign policy initiatives and its specific steps aimed at a ban on nuclear explosions, the reduction and complete elimination of nuclear weapons, a limitation of military and naval activity and the development of cooperation between states on a bilateral and multilateral basis in various spheres are objectively contributing to an increase in the opportunity to play a constructive part in world affairs not only in such countries as Australia and New Zealand but also in the tiny island states.

The changes occurring in the South Pacific, the stimulation of the USSR's actions in the international arena, in the Asia-Pacific region included, their new quality and, as a result, their magnetic force have the leading

imperialist countries seriously worried. Japan is promising to increase economic assistance to the island states, and France is increasing its military presence and studying possible measures of a political and economic nature. The United States has concluded, finally, an agreement with states of the region on regulation of American vessels' tuna catch, which it had long refused.

An endeavor to complicate the normal development of relations between the states of this region and the Soviet Union was demonstrated by the trip to Australia and New Zealand at the end of April by British Foreign Secretary G. Howe (he had visited Thailand prior to this). It was significant in many respects. In that it took place shortly after E.A. Shevardnadze's visit, in that a head of the British Foreign Office had not been here in the past 15 years and, what is most important, in its content.

Judging by reports of the foreign mass media, the main problem which was agitating G. Howe and which in one way or another influenced the nature of the discussion of other questions was the attitude toward the USSR's present policy in international affairs. Before his departure from London even the foreign secretary had said in an interview with a Reuters correspondent that all countries of the Pacific should evaluate more carefully Soviet intentions in the Pacific and the possible consequences to which their realization could lead. "We should be vigilant in the face of the Soviet Union's growing interest in this region," he declared. In the course of the tour itself the topic of "vigilance" and "test of intentions" were varied repeatedly--from a sharp anti-Soviet speech in Bangkok through the admission, made for balance, possibly, in Canberra that "the resumption of the Soviet Union's interest in this region is not necessarily a negative phenomenon."

In connection with G. Howe's warnings concerning the USSR's growing interest in the South Pacific the Australian NATIONAL TIMES observed: "The secretary's words would have had far greater weight had Britain been consistent and signed the Rarotonga Treaty protocols." The point being that after the USSR and the PRC had signed the protocols, and the United States and France had refused to do so, Great Britain aligned itself with the latter on 20 March, although declaring that it would comply with the treaty in practice.

Australia and New Zealand exerted much effort to make the treaty as acceptable as possible to the United States and Great Britain (there were no hopes placed in France, which methodically carries out nuclear tests in this region). However, the differences in approach to the problem of nuclear weapons proved insurmountable. For the United States and Great Britain adherence to the "nuclear deterrence" concept is far more important than a "propaganda win" for the Soviet Union and China in the eyes of the peoples of the South Pacific countries.

In addition, the British Government expressed "profound regret" in connection with the split in ANZUS owing to New Zealand's antinuclear policy. Howe attempted to put direct pressure on it, taking advantage of the country's difficulties in farm product exports to force it to abandon the adoption of antinuclear legislation. However, this brought about a sharp rebuff on the part of Prime Minister D. Lange.

Such pressure has, nonetheless, not been without effect. It could not have failed to have had a contradictory impact on the policy of this state or the other. Thus while visiting Tokyo at the end of March G. Palmer, deputy prime minister of New Zealand, once again pointed to his country's firm allegiance to an antinuclear policy. However, his negotiating partner, Japanese Foreign Minister T. Kuranari, observed that South Pacific countries' critical pronouncements leveled at Washington, which had declined to associate itself with the nuclear-free zone treaty, could only be to the benefit of the Soviet Union. In turn, Palmer, as the Japanese press reports, advocated an expansion of "Japanese economic influence" in the South Pacific and simultaneously "expressed concern at Soviet penetration" in this region. The connection is obvious: to oppose this "penetration" Japan's financial assistance is needed.

Fortuitous or not, the New Zealand Government "timed" to coincide with G. Howe's visit the totally unfounded, as a USSR Foreign Ministry statement said, expulsion from the country of a Soviet diplomat. Such steps are usually simply not taken. However, New Zealand can hardly expect that such unfriendly actions or statements about the USSR will ease the pressure on it of Washington and certain of its allies.

Generally, the approach foisted by imperialist circles on medium-sized and small states, whereby their foreign policy actions are seen primarily through the prism of East-West rivalry, remains a serious problem of current international relations. This is frequently not only narrowing the field of maneuver for such countries on the world scene but also having a negative impact on the domestic political situation.

The well-known events on Fiji (the 14 May military coup) are a striking example of such influence. The new government which had assumed office following victory at the elections had expressed its intention of pursuing a policy more independent of the West and finding some formula of an antinuclear policy similar to that of New Zealand, but not necessarily identical. At the same time it emphasized its desire to preserve friendly relations with the United States, evidently fearing (and with good reason) political pressure and economic or other sanctions on the part of Washington in response to changes in Fiji's foreign policy.

While pointing among the principal reasons for the coup to the ethnic factor (indigenous Fijians had predominated in the previous government, as in the army also, but in the one which replaced it, people of Indian extraction, who now constitute the majority of the country's population) and considering as one of its aims an attempt to prevent exposure of the previous government's financial abuses, nor are foreign observers overlooking the fact that not long prior to the coup Fiji had been visited by V. Walters, the United States' permanent UN representative and a former top American intelligence officer who had at one time held the position of deputy director of the CIA. Fiji's turnabout in the direction of an antinuclear policy would have had extremely undesirable consequences for Washington, and from this viewpoint the coup "arrived" in the nick of time.

Despite the endeavor of the United States and a number of other imperialist

states to hamper the movement for the creation of nuclear-free zones and to altogether push the problems of nuclear disarmament with reference to the Asia-Pacific region into the background, this is becoming increasingly hard to do. The Rarotonga Treaty has stimulated debate among the ASEAN members around the establishment of a corresponding zone in Southeast Asia also. Certain practical steps are already being taken in respect of the elaboration of the concept of a nuclear-free zone with regard for the specific features of this region. There are still many obstacles in the way of its creation such as, for example, the American military bases on Philippine territory. However, the very idea is undoubtedly becoming increasingly attractive.

Such an important and influential Pacific country as Indonesia has a positive attitude toward it. This was also shown by the results of E.A. Shevardnadze's visit to Jakarta (the first visit by a Soviet foreign minister since the well-known events of 1965). The sides supported the idea of the creation of nuclear-free zones in various parts of the world as an important step in the strengthening of international security.

There were, naturally, various commentaries on the Soviet representative's visit to the region. Thus it was emphasized in the ASEAN countries themselves that the exchange of opinions had been very fruitful and that the Soviet Union was displaying great interest in a normalization of the situation in this region and that the new approach to the settlement of international problems had become an important component of Soviet foreign policy.

At the same time other assessments were made here also. It was observed that in bilateral relations trade and economic ties, although their possibilities are limited, would dominate political ties. In addition, it was necessary altogether to "display caution" in the development of friendly relations with the USSR. Special emphasis was also put on the endeavor "to obtain something" from the Soviet Union in respect of the "Cambodia problem".

As far as very interested circles outside Southeast Asia are concerned, the leadership of the Japanese Foreign Ministry, for example, maintained, according to press reports, that E.A. Shevardnadze's trip had produced no concrete results. And the following quote from THE WASHINGTON POST represents, perhaps, a mixture of a recognition of obvious facts, an endeavor to downplay their significance and anxiety: the visit "was distinguished more by its style than its substance. It demonstrated the Soviet side's readiness to listen to different viewpoints in this region without altering its own position. Regardless of whether he succeeded in multiplying the number of supporters of his views, the Soviet minister's actions were a demonstration of the new active policy of Soviet leader Mikhail Gorbachev in this region." Diplomatic emissaries of Washington are being seen increasingly often in Bangkok, Jakarta and Manila. The content of their speeches indicates extreme concern at the Soviet "peace offensive".

A most important result of the negotiations was the Soviet Union's confirmation that it is a consistent supporter of a political settlement in Southeast Asia and is interested in guaranteed peace and stability in this region. The firm intention of continuing the pursuit of a policy of strengthening friendly relations with the ASEAN states was expressed. The

dialogue may be difficult and the existing problems complex, but there is only one intelligent path: a search for mutually acceptable solutions.

This applies directly to the complex relations between the Indochina states and ASEAN also. Of course, other countries also can and should make their contribution to a normalization of the situation in the region. However, the establishment of a zone of peace, stability and good-neighbor cooperation in Southeast Asia depends primarily on the states situated here. Great attention was paid to the situation in the region, naturally, at the Soviet-Thai and Soviet-Indonesian negotiations, as also during E.A. Shevardnadze's visit to Vietnam, Laos and Cambodia. The situation in Southeast Asia occupied an important place in the negotiations between M.S. Gorbachev and Nguyen Van Linh, general secretary of the Vietnam Communist Party Central Committee, who paid an official friendly visit to Moscow in May.

The Soviet Union supports the enterprising policy of Vietnam, Laos and Cambodia aimed at an improvement in the political climate in Southeast Asia and the development of friendly relations with the ASEAN countries. The search for ways to settle international aspects of the Cambodia problem by political means should be conducted with regard for the existing realities in the region, given the participation in this form or the other of all interested parties. The Soviet Union believes that the efforts of the Cambodian leadership aimed at starting negotiations with the various Khmer opposition groupings or individuals on condition of the removal of the criminal Pol Pot clique are a positive step toward the achievement of national reconciliation in the country and a normalization of the situation around Cambodia.

As is known, the Chinese leadership, which supports the Khmer counterrevolutionary forces, raises the Cambodia problem as a main obstacle to a normalization of relations with the Soviet Union and Vietnam. The Soviet-Vietnamese negotiations noted the aspiration of both countries to a normalization and improvement of relations with the PRC, which would be a major positive factor of a strengthening of stability in Asia. The situation in Cambodia is not a question of Soviet-Chinese relations, but both the Soviet Union and the PRC undoubtedly have an interest its settlement. There is just one way toward this--political.

Together with the continued difficulties in some spheres of Soviet-Chinese relations, they are developing actively in others. The second meeting of the Soviet-Chinese Economic, Trade and S&T Cooperation Commission took place in mid-May in Moscow (the first had been held in March 1986 in Beijing). On the eve of the session the newspaper RENMIN RIBAO observed that bilateral trade and economic relations had been expanding constantly in recent years. Last year reciprocal commodity turnover attained its highest level. Simultaneously S&T cooperation and exchange in the sphere of education and culture are developing continuously.

The Soviet Union supports the development of extensive trade and economic exchange with both the socialist countries and with such partners as Japan, Australia, Indonesia, Thailand and other states of Asia and the Pacific. An appreciable part in regional cooperation is played by the UN Economic and Social Commission for Asia and the Pacific (ESCAP). Its 43d session, which was

held at the end of April in Bangkok, coincided with the 40th anniversary of this organization. The session was attended by more than 400 representatives from 47 countries and 55 organizations. Addressing it, the head of the Soviet delegation, B.I. Aristov, minister of foreign trade, emphasized the Soviet Union's wish to play a more active part in international trade.

The same month delegates to the annual session of the board of directors of another influential body--the Asian Development Bank--assembled in Osaka. It was attended for the first time as an observer by a representative of the USSR. Its participants viewed this step on the part of the Soviet Union as ensuing directly from its present policy of the development of closer relations with the Asia-Pacific states. At the Osaka session the representative of the PRC, which had been admitted to membership of the bank last year, was elected to the board of directors. The Japanese newspaper NIHON KEIZAI SHIMBUN notes in this connection that the steps of China and the USSR attracted general attention at the forum and will introduce new factors to the work of this organization.

The program of the development of the Soviet Far East, the elaboration of which is already being completed, should be of great significance for an expansion of relations with countries of the region. Its purpose is the creation here of a highly efficient national economic complex incorporated in the system not only of the all-union but also international division of labor.

Soviet-Indian cooperation comes to the fore as an extremely interesting and instructive example of the possibility of the development of the relations of states with different social systems. It was lent powerful impetus by last year's top-level meeting in Delhi. Recent months have shown how intensively work is being performed on imparting an entirely new quality to bilateral relations: the exchange of visits at various levels and the elaboration and signing of agreements in the trade and economic, S&T and cultural spheres. Mention should be made among these of the long-term program of production cooperation and programs of cooperation in agriculture, oil industry and so forth. A comprehensive long-term program of S&T cooperation and plans for a cardinal (2.5-fold) increase in reciprocal trade are being drawn up.

Besides the organization and development of bilateral and multilateral cooperation and a search for ways to settle regional conflicts, great significance for an improvement in the international climate in Asia and the Pacific is attached to a strengthening of an atmosphere of trust. The Soviet Union is engaged in practical actions in this direction. In accordance with a decision of the Soviet leadership and in an arrangement with the MPR Government, 1 motorized rifle division and several separate units from the body of Soviet forces temporarily stationed on MPR territory have been withdrawn from Mongolia to the USSR.

Of course, hardly anyone expected that the concept of the inclusion of the Asia-Pacific region in the creation of an all-embracing system of international security advanced in Vladivostok and the practical steps being taken by the Soviet Union on the basis thereof would evoke general enthusiasm and approval. Some people need time to "digest" the new approach to the state of affairs on the international scene, too many prejudices have built up in

others, yet others are looking for and not always finding specific opportunist benefits, forgetting about their long-term interests, and some are mechanically projecting the European experience onto a region which is strikingly different from Europe and on this basis "naturally" rejecting intelligent, bold ideas as unacceptable and so forth. There are also those who are accustomed to adapting everything to their own design, which is manifestly not the best basis for a search for mutual understanding.

An element of such an approach was manifested in a recent speech of U.S. Secretary of State G. Shultz which he delivered at Stanford University devoted to the situation in the Pacific: "...We must redouble our efforts to strengthen peace and stability by means of maintaining a convincing deterrent factor to prevent the use or threat of force by expansionist states. In recent years we have made considerable progress in this sphere, operating in conjunction with our allies and friends in this region. But our task is far from over. Although many people might wish it otherwise, possibly, like some of our friends in New Zealand, for example, ostentatious statements about good will and so-called confidence-building measures, which weaken the strategic factor of deterrence, are no answer. They will not close off the possibilities of military aggression and will not reduce the temptation of political intimidation."

One quote, albeit lengthy and quite capacious, does not, naturally, provide a full idea of the position of the other side but it shows clearly, nonetheless, through what obstacles the new thinking in international relations will have to make its way. The key problem of the creation of an all-embracing system of international security undoubtedly remains an abrupt easing and, even better, the elimination, of the nuclear threat. This applies to an equal extent to the Asia-Pacific region also. However, Washington's adherence to the "nuclear fist" remains the most serious obstacle en route to a cardinal improvement in the situation in the region.

Whatever area of Soviet foreign policy is addressed, one is struck by a single characteristic: the basis thereof is an invitation to dialogue. While advancing its own initiatives, which it regards not as a position elevated to an absolute but a platform for the formulation of compromise solutions, the Soviet Union at the same time constantly emphasizes its interest in and readiness for an attentive study of the foreign policy proposals of other members of the international community.

The Soviet Union's scrupulous approach to international affairs consists of the fact that it proceeds from a recognition of and respect for the right of each people and state to free choice. Speaking at the meeting with representatives of the physicians' movement, M.S. Gorbachev observed: "The USSR and the United States, the socialist states of Europe and Asia, Britain and the FRG, India and Australia, Pakistan and Tanzania, Argentina and Mexico, the Arab states, each country has its own interests. And this reality needs to be understood. It is necessary to learn to live in the real world. There is no other." It is such an understanding which distinguishes Soviet foreign policy.

FOOTNOTE

1. Except for the ICBM's deployed in the European part of the USSR, which are being considered at the negotiations on a reduction in strategic offensive arms.

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## POLITICAL SITUATION IN THE MAGHREB

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 7, Jul 86 (signed to press 15 Jun 87) pp 119-122

[Article by A. Shein: "The Maghreb: Awkward Contradictions and Aspiration to Unity"]

[Text] For the greater part of the period since the completion of the decolonization of the countries of Northwest Africa the situation in this region has been characterized by the absence of stability and tranquillity. Territorial conflicts and border disputes inherited from colonial times, rivalry and political conflicts and the negative impact on the state of affairs of outside imperialist forces are the main factors which have caused periodic exacerbation of the situation in the Maghreb since the latter half of the 1970's. The difficulties in inter-Maghreb relations are growing to a large extent in connection with the unsettled nature of the problem of Western Sahara (the former Spanish Sahara), in which an armed conflict has lasted more than a decade now. As in the first years of independence, the diplomacy of the Maghreb states has had to exert considerable effort to settle conflicts and disputes in its mutual relations. At the same time their high foreign policy assertiveness is aimed, as before, not only at overcoming crisis phenomena in the relations of states of the region but also at the creation ultimately of a united Arab Maghreb.

The popularity in the countries of Northwest Africa of this idea, which is invariable, despite all the vicissitudes of the development of interstate relations in the region, is explained primarily by the cultural and historical community of their peoples. The aspiration to unity, which had strengthened in the course of the national liberation struggle, was embodied following decolonization in various forms of cooperation on an inter-Maghreb basis, particularly from 1964 through 1975, when steps were taken toward the achievement of economic association. It would have strengthened the positions of the corresponding states in their relations with such economic groupings as the EC and contributed to the development of the all-around cooperation and rapprochement of these countries themselves.

At the present time the creation of a united Maghreb would appear to be not only a quite remote task of the foreign policy of the states situated here, en route to which many difficulties have to be overcome, but also an opportunity

for the solution of mutual contentious problems. Throughout the last 2-3 years the leadership of the Maghreb countries has been quite active in discussing the question of a top-level meeting geared to the search for solutions to common problems and an improvement in the atmosphere in the region. In Algeria's opinion, the main question of such a conference should be a settlement of the Western Sahara conflict. Morocco, on the other hand, categorically objects to the participation in the meeting of representatives of the Polisario Front (1). Despite the disagreements on this specific issue, contacts connected with the idea of a conference or an Algerian-Moroccan top-level meeting capable of unblocking the way to its convening have not ceased entirely.

At the present stage an important factor contributing to the development of centripetal trends in the region has been the resumption following a lengthy interval of conferences of political parties of the Maghreb countries. The Algerian National Liberation Front, the Moroccan Istiqlal and Socialist Union of Popular Forces and the Tunisian Destourian Socialist Party held such meetings in 1983 in Tangiers in connection with the 25th anniversary of the Tangiers Conference, in 1984 in Tunis and in 1986 in Algiers. At the last meeting its participants condemned the U.S. aggression against Libya, demanded the return to Morocco of Ceuta and Melilla (Spanish enclaves on the Mediterranean coast of Moroccan territory), called for a solution of the Western Sahara problem "in accordance with the interests of a Greater Maghreb" and approved a proposal concerning the creation of a consultative assembly of the Maghreb states.

Such an idea was put forward for the first time at a conference of the three main parties of Morocco, Tunisia and Algeria in 1958 in Tangiers. It adopted a decision on the utmost support for the national liberation struggle of the Algerian people (Tunisia and Morocco gained independence in 1956, Algeria, in 1962), recommended regular meetings of the leaders of the three countries and coordination on questions of foreign policy and defense and also outlined a plan for the formation of a commercial and customs union.

The basic directions of the economic rapprochement of the Maghreb states took shape in the period from 1964 through 1975. Sessions of the Council of Maghreb Economics Ministers were conducted regularly and the Standing Consultative Committee operated during these years. The last, seventh, conference of economics ministers took place in Algiers, after which the inter-Maghreb organizations virtually suspended their activity.

The discussion of various regional projects and plans had led to no practically significant results. Their realization was blocked by the crisis in Tunisian-Libyan relations which arose in 1974--following unsuccessful attempts at bilateral unification--and to a considerably greater extent by the conflict surrounding the Western Sahara, which intensified sharply in 1975-1976.

The main reason for the unsettled state of the Western Sahara problem is the fact that the decolonization of this territory occurred without self-determination for its people. None of the parties to the conflict (Morocco and the Polisario Front) or interested parties (Algeria and Mauritania) at the

present time questions the "appeal to the population" principle for determining the fate of Western Sahara by way of a referendum. However, in November 1975 Spain, Morocco and Mauritania signed in Madrid an agreement on the transfer of Western Sahara to the administration of Rabat and Nouakchott.

Following the withdrawal of Spanish forces from Western Sahara, Moroccan and Mauritanian troops were committed. The Polisario Front began military operations against them. On 27 February 1976 the front, in conjunction with the Provisional Saharan National Council, proclaimed the formation of the Saharan Arab Democratic Republic (SADR). It was immediately recognized by Algeria. As a retaliatory measure, Morocco severed relations with it.

In 1977 France found itself involved in the conflict, its aircraft taking part on the side of the Mauritanian forces in military operations against Polisario Front detachments. In 1979 Mauritania signed in Algiers a peace treaty with the front. However, the section of Western Saharan territory released by Mauritania passed to Moroccan control.

In 1983 the OAU Assembly 19th Session passed Resolution 104, which contained the insistent appeal that Morocco and the Polisario Front embark on direct negotiations for the purpose of a cease-fire and a just referendum conducted under the aegis of the United Nations and the OAU of the people of Western Sahara on the issue of self-determination without any administrative or military restrictions. This document formed the basis of Resolution 40/50 passed in December 1983 by the UN General Assembly and supported by the Eighth Nonaligned Conference in Harare in 1986.

At the start of 1986 the OAU chairman and the UN secretary general offered their "good offices" in the organization of indirect contacts between Morocco and the Polisario Front. Two rounds of negotiations "at a short distance" between Moroccan and Western Saharan representatives were held in April-May 1986 at UN headquarters, however, the mediators failed to bring the sides' positions closer together. While agreeing to the holding of a referendum, Morocco objects to the demands of the Polisario Front, which amount to it being conducted after the withdrawal from Western Sahara of Moroccan forces, administration and settlers.

For the Polisario Front the problem of Western Sahara is that of the completion of decolonization and self-determination. Rabat, on the other hand, citing arguments of a historical, geographical and ethnic nature, regards the territory of Western Sahara as an inalienable part of Morocco. This viewpoint is held not only by the Moroccan Government but also by all political parties of the kingdom. For Morocco the Western Sahara issue has become a national problem. However, the continuation of the armed conflict is lying as a heavy burden on the country's economy, increasing its dependence on the West. According to THE WASHINGTON POST, the war in Western Sahara is costing Morocco at least \$200 million a year (2), according to other information, no less than \$1 million a day (3). According to certain estimates, in the course of fighting against Polisario Front units the 100,000-strong royal army has already lost approximately 10,000 men.

At the present time Moroccan forces control almost three-fourths of the

territory of Western Sahara. As observers note, the construction of five "walls"--defensive ramparts of sand and concrete mined and fitted with electronic equipment of a total length of approximately 2,000 km--has considerably extended and strengthened the positions of the Moroccan Army and made military operations more difficult for the Polisario Front. Earlier these "walls" protected merely the "effective triangle"--the administrative center of Western Sahara, El Aaiun, the religious center of Semara and the Bu Craa phosphate deposit area. Now they have approached the borders of Mauritania and Algeria, where, in the Tindouf region, the main camps of Saharan refugees are located. In December 1985 the Sixth Polisario Front Congress adopted the decision to conduct a "war of attrition".

As far as the political struggle is concerned, a preponderance in favor of the Western Saharans has been observed therein in recent years, which has been connected largely with international recognition of the Polisario Front and the SADR. Among the Maghreb countries, the SADR has been recognized, aside from Algeria, by Libya and Mauritania. The latter has remained in a position of neutrality here on the Western Sahara dispute. Tunisia, which declared in 1976 that the creation of an independent state on the territory of Western Sahara was "inexpedient" owing to the smallness of its population, has subsequently also occupied a neutral position. The SADR has been recognized by many nonaligned states. In 1984 it was admitted to the OAU, which entailed Morocco's withdrawal from the organization.

The Western powers, specifically France and the United States, while officially acting in the Western Saharan conflict mainly from neutral positions, are rendering Rabat actual military support. Washington's interest in the countries of the region, particularly Morocco, increased noticeably following the assumption of office of the Reagan administration. In 1981 the United States began large-scale arms supplies to Rabat. In 1982 an American-Moroccan military cooperation agreement was signed and a mixed military commission formed. Morocco expressed readiness to accord the United States the right to use its territory as a transit base for the RDF in the event of "emergencies" arising in Africa or the Near East. In exchange the United States agreed to supply Rabat with certain types of modern weapons. In January 1983 the U.S. Congress voted to grant Morocco military assistance of the order of \$100 million (5).

The American-Moroccan "African Eagle" military exercises--the biggest maneuvers in this region since WWII--in which the U.S. Air Force, the U.S. carrier "John Kennedy" and 10,000 American servicemen (8,000 on ships, 2,000 on shore) participated, were conducted in November 1986. In December of the same year Morocco was visited by C. Weinberger, who headed the U.S. delegation at the final session of the American-Moroccan military commission. According to press reports, he expressed a readiness to negotiate the sale to Rabat of F-16 fighters and to increase military assistance in exchange for the "increased level" of the exercises of U.S. Army and Navy forces on the territory and in the waters of Morocco.

Such U.S. actions are causing serious concern in Algiers and the Polisario Front, in whose opinion an expansion of the American military presence in Morocco could lead to even greater complications in a settlement of the

Western Sahara conflict and a further exacerbation of the situation in the region. At the end of November 1986 the Algerian journal REVOLUTION AFRICAINE wrote that the American maneuvers on Moroccan territory represent a serious danger to the peoples of Northwest Africa, and the demonstration of the military power of the American RDF is a challenge to all independent states of the continent.

Together with the Western Sahara conflict the United States has also made use for increasing its military penetration of the Maghreb of other regional contradictions, Tunisian-Libyan in particular. An acute crisis in the relations of these two countries emerged in 1977 as a result of a dispute over the demarcation of the continental shelf in the Gulf of Gabes which lies between them. In January 1980, when Tunisia accused Libya of complicity in an attempt in Gafsa to raise an antigovernment revolt, there was a new flareup of contradictions.

At that time the United States, together with France, rendered Tunisia urgent military assistance. An American-Tunisian military commission was set up in 1981. Washington did not stint on promises of immediate assistance to Tunisia in the event of any outside threat arising. The real "effectiveness" of the American "umbrella" was revealed in 1985, when the United States' closest Near East ally--Israel--carried out an air raid on a suburb of the Tunisian capital where the headquarters of the PLO were located. Something else is indicative also. Washington refrained from using its veto in the UN Security Council in respect of a Tunisian draft resolution condemning Israel for this armed action only after Tunisia had threatened to sever diplomatic relations. It is significant that following the new dangerous crisis in Tunisian-Libyan relations in 1985-1986, which followed the expulsion from Libya of 30,000 Tunisians, it was the French Government which was coming out with assurances of safeguards for Tunisia's security.

The instability in inter-Maghreb relations, which has grown as of the latter half of the 1970's, had led to increased differences in the views of the leadership of countries of the region on the problem of the creation of a united Arab Maghreb. Thus Algeria has put forward the "Maghreb of the Peoples" concept (6), and Tunisian President Habib Bourguiba has come out with the idea of the formation of a "United States of North Africa". Steps have been taken for the purpose of forming unions of individual Maghreb countries (Libya and Algeria, Mauritania and the SADR, for example) and also creating a regional organization uniting Algeria, Libya and Mauritania, Mali, Niger and Chad. But all these projects for the creation of a single Maghreb or broader "North African ensemble" have proven impracticable. The reasons for this have been many and various, however, a permanent negative factor has remained the unsettled state of the Western Sahara problem.

An attempt to make its solution dependent on the creation of a united Arab Maghreb was made in February 1983 in the course of a meeting of Algerian President Chadli Bendjedid and King Hassan II of Morocco. It proved fruitless, and contacts between Morocco and Algeria on the question of an agreement between Morocco and the Polisario Front were broken off.

A "friendship and concord" treaty was signed between Algeria and Tunisia in

March 1983. Mauritania subscribed to it at the end of 1983. The signing had been preceded by the final delimitation and demarcation of Algerian-Tunisian and Algerian-Mauritanian borders. The treaty, which is regarded by the subscribers as a most important stage en route to Maghreb unity, was opened for other countries of the region to subscribe to it on condition of the settlement of border disputes between them.

As a counter to the Algerian-Tunisian-Mauritanian treaty, the leading role in which belongs to Algeria, Morocco and Libya concluded in August 1984 a so-called "Arab-African alliance". Their treaty was also opened for other countries to subscribe to it. Although the treaty with Libya, which had earlier supported the Polisario Front, promised perfectly definite political gains for Morocco, its signing caused manifest dissatisfaction in Washington since it was contrary to the United States' priority goal--Libya's isolation in the region. Specifically, military and economic assistance to the kingdom was temporarily cut.

The "Arab-African alliance" existed for 2 years. It was broken up by Morocco in August 1986 after a Libyan-Syrian joint communique had criticized the meeting in Morocco in July 1986 between King Hassan II and Israeli Prime Minister S. Peres. Even prior to its breakup, following a meeting at the start of 1986 of the leaders of Algeria and Libya, political contacts of the two countries and their economic cooperation, which had been frozen since 1984, had been resumed.

On 4 May of this year there was a second meeting on the Algerian-Moroccan border between Algerian President C. Bendjedid and King Hassan II of Morocco, in which King Fahd of Saudi Arabia participated as mediator. As in 1983, the negotiations between the leaders of the two countries led to no specific accords concerning an unblocking of the conflict situation in Western Sahara.

The numerous contradictions and clashes of national interests and political goals are creating an unstable situation in the Maghreb. The achievement of mutual understanding between the countries situated here is being impeded to a large extent by the socioeconomic and political differences dividing them. At the same time many common areas and common tasks may be observed in the active foreign policy activity of the Maghreb states. A struggle for this form of unity of the region or the other, which would contribute to the independent development and consolidation of the international positions of these states, stands out among them.

The disconnection of the Maghreb countries is being used by imperialist forces to increase penetration of the region. The existence of centers of tension in this region corresponds to the military-strategic plans of the United States and other NATO countries. Exceptional significance is attached to the Maghreb in Washington's military concepts in a strengthening of NATO's southern flank and provision of the American RDF with a transit base en route to the Near and Middle East. The conflict in Western Sahara has been used to beef up the United States' military cooperation with Morocco.

The removal of conflict situations, primarily in Western Sahara, would contribute to the achievement of the unity of the Maghreb countries, exert an

auspicious influence on their economic situation and limit appreciably the possibilities for increased imperialist activity in the region.

FOOTNOTES

1. The Popular Front for the Liberation of the Saguia el Hamra and Rio de Oro is the national liberation movement heading the struggle for the independence of Western Sahara. It was formed in May 1973. It conducted combat operations against the Spanish colonizers.
2. WASHINGTON POST, 12 August 1986.
3. JEUNE AFRIQUE, 13 November 1985, p 14.
4. LE MONDE, 4 October 1986.
5. LE POINT, 31 January 1983, p 47.
6. In accordance with this concept, which is recorded in the 1976 Algerian National Charter, the achievement of Maghreb unity was connected with the realization of progressive transformations in neighboring countries. The new version of the National Charter, which was adopted in 1986, speaks of the task of the creation of a united Arab Maghreb based on constantly developing broad interstate bilateral and regional cooperation.

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## STATE-MONOPOLY CAPITALISM FORUM AT RSFSR MINISTRY

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7, Jul 87 (signed to press 15 Jun 87) pp 127-128

[S. Gnatyuk, T. Klemina, Ye. Neopikhanova report: "Problem-Solving Council Debate"]

[Text] The "State-Monopoly Capitalism: Problems, Trends, Contradictions" Problem-Solving Council has been set up under the auspices of the RSFSR Ministry of Higher and Secondary Specialized Education. It unites many prominent state-monopoly capitalism specialists. Chairman of the council is Prof A. Demin, doctor of economic sciences and head of the Department of the Economics of Present-Day Capitalism of the Economic Faculty of Leningrad State University imeni A.A. Zhdanov; council members from the USSR Academy of Sciences IMEMO are Prof V. Martynov, doctor of economic sciences, Prof V. Shenayev, doctor of economic sciences, Prof A. Anikin, doctor of economic sciences, and Doctor of Economic Sciences V. Pankov.

The coordination and concentration of the research activity of the country's scholars in respect of the most pertinent problems of present-day state-monopoly capitalism, its increased efficiency and the imparting of a more plan-oriented nature to research activity, improvement of the training of highly qualified personnel via the graduate and doctoral study system and educational and scientific methods and also extensive propaganda activity are the council's main tasks.

Problems of the evolution of money under the conditions of state-monopoly capitalism were discussed at its first session. V. Shenayev presented the paper "Gold in the Economy of Present-Day Capitalism". The speaker dwelt on the most contentious issues of the theory of present-day money: is credit money a commodity and universal equivalent? Does present-day money perform all functions, and if so, how? Does present-day money possess intrinsic or representative value? What is the demonetization of gold? Can it be considered that gold's loss of its monetary functions means money's loss of its meaning in the economy?

Defining his position on these questions, V. Shenayev showed that money, according to theoretical propositions of K. Marx, may appear in various forms. The departure of gold from circulation is merely the departure from the scene

of a form of money, and not the disappearance thereof as such. The monetary role of gold here switches to credit money, as a particular commodity. It acted the part of money back in the times of the gold standard. The possibility of such a process was foreseen by K. Marx, who emphasized that all forms of money (credit included) are a commodity. K. Marx also spoke about commodities which, like credit money also, do not have an actual material form. For this reason, from the speaker's viewpoint, the proposition of a number of economists that present-day money must necessarily have a material form is methodologically unwarranted. The contemporary level of the development of the productive forces and production relations, V. Shenayev emphasized, presupposes the impossibility of any particular actual commodity fulfilling the role of money. This role is performed by credit money, which does not have intrinsic value but represents the time which is socially necessary for servicing the turnover of commodities produced by society and thereby possesses representative value.

Credit money is a universal equivalent and performs all monetary functions; this proposition is particularly important in the light of the analysis of a number of works of Soviet economists which maintain that credit money is not a universal equivalent (G. Matyukhin) and also works which divide money into real and functional (A. Galchinskiy). Yet, the speaker observed, K. Marx wrote about the real functional existence of money. This proposition remains valid today also, but there is nothing in common between the functional existence of money and functional money. Such a division is altogether invalid. There is uniform money performing various functions and acting as a unity of real and functional existence. The reservation has to be made here that credit money cannot be treasure, but performs the role of savings and accumulation.

The problem of the demonetization of gold remains open, V. Shenayev observed.

In conclusion the speaker dwelt on an examination of the essence of the currency crisis. He emphasized that it is an ambiguous, complex and multifactor phenomenon. There is a very close connection between the currency crisis and the general crisis of capitalism; the currency crisis is also connected with crises of overproduction and accompanies them. Finally, the crisis of the currency system has clearly come to light. For this reason it is necessary when analyzing the currency crisis to specify which aspect thereof is at issue, bearing in mind that in all cases the signs of a currency crisis are inflation, jumps in currency exchange rates, balance of payments deficits and such.

Doctor of Economic Sciences Yu. Pashkus (Leningrad State University) observed that K. Marx wrote about credit money even more than about gold-backed money and distinguished two types thereof here: the classical, exchangeable for gold, and nonexchangeable banknotes. It is the second type of credit money which is characteristic of present-day capitalism: it is based on a credit system, represents a check for the acquisition of a commodity and is fictional money. At the same time, Yu. Pashkus said, we cannot yet speak of the full completeness of the theory of present-day money. Among the unsolved questions is, in particular, that of the representative value of credit money. The problem of the universal equivalent is of interest also.

A. Demin emphasized that the discussion had revealed the basic propositions of the new concept of modern money. At the same time, however, there are in theory many blanks.

The second session was devoted to pertinent questions of the contemporary economic and political development of West Europe. In the course of discussion of the problem the speakers emphasized that a specific feature of the West European center is dependence on the "strength of the coherence" of the states which form it and the correlation of centrifugal and centripetal trends. Three stages of the development of the West European center were distinguished. The first stage (the postwar years to the start of the 1970's) as a whole is characterized by extensive trends of economic development oriented toward cheap raw material manpower. At the same time, however, integration processes were developing, common customs tariffs were introduced, a common market was formed, a Community budget was introduced, a currency cooperation center was created and so forth. Such institutions as the European Parliament and the ECC were established.

The period from 1973 through 1983 is marked by a change in the direction of intensive forms of economic development. A decline in the rate of economic growth and profits, a slowing of the investment process and the transfer of a number of industries (primarily materials- and labor-intensive) overseas was observed in this period; there were appreciable changes in the technological, sectoral and territorial structure of social capital. Changes occurred in the circulation of capital connected with the restoration of the synchronism of the industrial cycle. Integration processes developed mainly in breadth. Their development in depth decelerated in connection with the exacerbation of contradictions within the EEC. The low economic growth rate, the surge of inflation, the high level of unemployment, the slow restructuring of the science-intensive sectors and the drain of capital from Europe led to the lagging of West Europe behind the United States.

The third stage (since 1984) has been distinguished by the intensive development path with the emphasis on the cooperation of the West European countries in the S&T sphere. Integration in depth is increasing on the basis of the formulation of new decision-making mechanisms, and a shift of the center of gravity of the integration processes from the economic to the political and military spheres is being observed, what is more. A trend toward the formation of a regional military-industrial complex is showing through distinctly. The process of the formation of a single market is to have been completed by 1992, which will signify the freedom of movement of goods, manpower, capital and services. The creation of a currency union is being speeded up. Great significance is attached to cooperation in the S&T sphere. State intervention is increasing in this same direction.

At the present time West Europe's economy is experiencing an upturn. But a high level of unemployment continues, and commodity exports are declining.

A number of other questions, in whose discussion V. Pankov, Candidate of Economic Sciences G. Sokolnikov (USSR Ministry of Foreign Trade All-Union Research and Design Institute) and other specialists participated, was studied also.

Following the discussion of the papers, A. Demin, chairman of the Problem-Solving Council, emphasized that scientific relations between academic institutes and the country's VUZ's are highly fruitful. However, scholars of the higher school are as yet being enlisted insufficiently in joint work on important scientific problems with academic institutes. It is essential to develop the existing and seek new forms of scientific contacts: participation in debates and roundtables, joint monographs, coordination of activity within the framework of problem-solving councils and others.

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## U.S. BOOK ON NUCLEAR FORCES

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 7, Jul 87 (signed to press 15 Jun 87) pp 137-139

[A. Savelyev review: "Force of 'Deterrence' or Restraint of Force?"]

[Text] The report of the Union of Concerned Scientists "In Search of Stability: An Assessment of New U.S. Nuclear Forces," which is short, but of interest in terms of the significance of the problems raised, pursues the goal of answering a question of exceptional importance--will the strategic situation be more stable in the 1990's and what needs to be done to apply the brakes to the world's slide toward thermonuclear catastrophe?

The Union of Concerned Scientists--an independent organization which exists on the voluntary contributions of approximately 100,000 sponsors--was formed in 1969 with MIT as its base. At the present time it has more than 30 staffers, among whom are the authors of the book in question also.

Literally from the very start of its activity the union joined actively in the search for ways to strengthen strategic stability, presenting a fundamental criticism of the plans for the development and deployment of multiple warheads for American sea- and ground-based strategic missiles. At the end of the 1970's it played an important part in the opposition to the program for the production of MX missiles, which ultimately developed into restrictions imposed by the U.S. Congress on the deployment of this weapons system. In 1984 the union put out a report which for the first time provided a detailed and most substantiated critique of the "strategic defense initiative". The work in question analyzes the program of the "modernization" of the United States' strategic forces announced by R. Reagan in 1981 and consistently examines a number of its key components: the Midgetman ICBM, the Trident 2 SLBM, the Stealth bomber and sea-based cruise missiles.

As is known, ever increasing importance is attached to the problem of strategic stability in questions of arms limitation and reduction. Despite the extremely high level of stockpiled nuclear arsenals of the United States and the USSR enabling everything living on Earth to be wiped out many times over, the Pentagon is nonetheless attempting to "justify" a further buildup of weapons of mass annihilation. These provocative steps, which are connected with implementation of the program of "modernization" of the strategic forces,

are not only fraught with serious consequences for the prospects of a limitation, reduction and complete elimination of nuclear weapons but are leading to an undermining of strategic stability, to which the report rightly points (p VII, 4).

The shift in American strategy in the direction of the "controlled nuclear war" concept cannot fail to cause concern in all who are really interested in the preservation of peace. Under the present administration this concept has acquired practical expression in a wide-ranging program of a quantitative and, what is even more important, qualitative increase in strategic nuclear arms. The American leadership maintains that this will contribute to more stable "deterrence". However, the "deterrence" slogan, as the authors of the work observe, serves merely as a cover for plans to create a structure of offensive forces which could permit the United States to "win" in a nuclear war. "Deterrence," we read, "is the proclaimed goal of American strategy, but the needs of deterrence are formulated such that it is practically a synonym for acquisition of the possibility of fighting a nuclear war and 'winning' it" (p 3). The experts completely reject this approach to the solution of problems of security and stability, considering nuclear war totally unacceptable.

The U.S. leadership is moving in the direction of acquiring absolute military supremacy over the Soviet Union, maintaining that under such conditions the probability of the outbreak of war will be minimal. This idea is not in itself new. History has a mass of examples of compliance with the old "if you wish for peace, prepare for war" principle leading to catastrophes for countries and peoples. But its implementation in the nuclear age could end in tragedy for all mankind.

Is it reasonable to think that the Soviet Union will take a calm view of the implementation of the American programs in the sphere of modernization of strategic nuclear arms. The question is purely rhetorical since the answer to it is perfectly clear to everyone, U.S. ruling circles included: the arms race will continue.

But who would benefit from this? By no means the security of the United States, in any event. Under such conditions the Soviet Union would have no other path than the creation of an adequate threat in response to the U.S. strategic buildup. As a result the security of both sides (and, consequently, of the whole world) would diminish; strategic stability would be undermined also, which the American experts also rightly emphasize.

The sole way to assure security is a political solution of the problem aimed at deep cuts in and then the complete elimination of strategic arsenals. Only such a solution opens broad prospects for a lowering of the level of confrontation and a genuine strengthening of security and stability. The compilers of the report, although not examining questions of a reduction in both sides' strategic nuclear arms in detail, nonetheless consider the path of negotiations the most correct.

In the work the authors recommend a limitation of the development of the weapons systems which, they believe, create the greatest threat to stability. Specifically, it is proposed abandoning (in exchange for the USSR's

renunciation of similar systems) the Trident 2 SLBM and sea-based cruise missiles or sharply limiting these arms; in the first case, as a counterforce system with a short flight time, in the second, in view of the difficulties of checking the deployment of sea-based cruise missiles and also their dual purpose (that is, the existence of nuclear and nonnuclear versions, which increases the risk of the growth of a conventional conflict into a nuclear conflict, and a local one into a global conflict).

The American experts proceed in their proposals from the specifications of the new weapons systems. From the viewpoint of stability, they believe, power of destruction (lethality), flight time, survivability and verifiability (visibility) are the most important. The report puts an "improvement" in the first two characteristics here among actions leading to a destabilization of the strategic balance, and the latter two, to a strengthening of stability (p 7).

From the theoretical viewpoint the authors' conclusions and recommendations appear entirely justified. But setting themselves limited goals, they proceed from the fatal inevitability of a continuation of the arms race, which in practice signifies continuation of the "balance of terror" for all of the foreseeable future. In our view, a more important task could be an analysis of the problem of the preservation of stability given a sharp reduction in strategic offensive arms and, ultimately, their reduction to zero.

In this context the proffered conclusions and recommendations could have acquired real practical value. After all, if the arms race is continued in all fields, it is hard to believe that the American leadership would agree to abandon weapons systems which, in its opinion, could permit the United States to gain military supremacy over the USSR. A search for ways to strengthen stability given a reduction in the levels of strategic arsenals, which is mentioned in the work only in passing--this is the truly serious question, on which the opponents of agreements are speculating, denying the possibility of its solution.

Mention needs to be made also here of the fact that the experts of the Union of Concerned Scientists advocate the deployment and buildup of weapons systems which, they believe, are "stabilizing" and less provocative. Preferring not to touch on the question of the United States' unilateral withdrawal from the SALT II Treaty, it is recommended that efforts be concentrated on the single-warhead Midgetman mobile ICBM and that active research into new technology in the sphere of strategic aviation and airborne cruise missiles continue. It is proposed that successes in the development of Stealth technology be used as an instrument of pressure on the Soviet Union in the strategic arms limitation and reduction negotiating process to "derive full benefit from the developing situation." It is recommended that the United States display a readiness to "exchange" these systems for the most "threatening" arms of the USSR or introduce them to the armed forces as a "nonprovocative and stabilizing element of America's deterrent forces" (p 69).

This position of the authors can neither be shared nor justified. The approach to negotiations in this sphere as to market haggling, when the sides lavish "praise" on their goods and intimidate one another with a refusal to buy or

sell at the price offered, is a path that long since compromised itself in such a serious sphere as arms limitation. After all, each attempt to "take by fright" results, in the event of failure, in an intensification of the arms race, new programs and, ultimately, in the diminished security of both sides.

It has to be understood that, closely linked with questions of security, the problem of stability cannot be satisfactorily solved with technical half-measures and partial steps in the sphere of arms limitation, particularly with the use of "power methods". After all, given realization of the recommendations set forth in the report, huge arsenals of strategic arms targeted at one another would remain for the USSR and the United States. It is clear that only the complete elimination of stockpiles of nuclear and, subsequently, all weapons of mass annihilation in the world can lead to genuine security and lasting peace. It is such an approach which the Soviet Union proposes, presenting energetic foreign policy initiatives.

#### FOOTNOTE

- \* P. Clausen, A. Krass, R. Zirkle, "In Search of Stability. An Assessment of New US Nuclear Forces. A Report by the Union of Concerned Scientists," Cambridge, Massachusetts, 1986, pp IX + 71.

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## NEW BOOKS ON INTERNATIONAL AFFAIRS

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 7, Jul 87 (signed to press 15 Jun 87) pp 144-148

[Text] The reader wishing to familiarize himself with topical problems of world politics and international relations could usefully turn to the collection "Peace and Disarmament. Scientific Studies. 1987" (Academician P.N. Fedoseyev, chief editor, Moscow, "Nauka", 1987, pp 544). The present edition is the fourth in the series of basic publications of the Scientific Council for the Study of Peace and Disarmament. The publication is also being translated into English, French, Spanish and German.

The material of this edition--and this is its characteristic feature--reflects the process of the rethinking of the realities of contemporary world development and the quest for new approaches to the solution of fundamental problems of the survival of mankind in the light of the propositions and conclusions of the 27th CPSU Congress embodying the new philosophy of international intercourse. The authors cogently explain the essence and focus of the USSR's foreign policy initiatives of a fundamental nature actualizing the wide-ranging action program advanced by the congress for the purpose of the creation of an all-embracing system of international security and man's deliverance from the threat of an all-extirminating catastrophe.

Subjecting in a special series of articles the American "star wars" plans to searching criticism, the experts show the disastrous nature of them for all mankind and emphasize in this connection the need for and possibility of broad international cooperation in realization of programs of the peaceful conquest of space.

"Never before has science played such a huge part in society, never before has the fate of civilization depended on it to such extent," A.F. Dobrynin, secretary of the CPSU Central Committee, observes in his article "For a World Without Nuclear Weapons, Approaching the 21st Century," which opens the collection. The published material reveals the active position and diverse intensive activity of Soviet scientists and various social organizations of the USSR in the struggle for peace, disarmament, a halt to the testing of nuclear weapons and a radical improvement in the international situation.

The final section of the book is of undoubted interest also. Documents and

material connected with the foreign policy initiatives of the CPSU and the Soviet state, a chronical of scientific meetings and conferences on peace and disarmament and also a detailed annotated bibliography of national works on this subject matter which have appeared since the publication of the preceding edition (1984) are contained here.

The Soviet Union and the other socialist countries are surrounded by many hundreds of American military bases and facilities, and more than 12,000 strategic nuclear weapons are targeted at the USSR. The United States' armed forces are deployed in dozens of countries. The question of exceptional importance for all people of good will of whence the threat to peace becomes rhetorical under these conditions. It is made the title of a book which has gained celebrity far beyond the USSR (Moscow, Voenizdat, Izdatelstvo Agentstva Pechati Novosti, 1987, pp 110). The present, fourth, edition reflects the main landmarks of the exceptionally dangerous policy of the American leadership. The work reveals the new trends and processes of international development and adduces detailed data on the state and evolution of the U.S. and NATO military machine. It is emphasized particularly that a basic direction of the policy of achieving military supremacy over the USSR is the creation of a fundamentally new class of arms--strike space-based weapons--and the deployment of a broad-based ABM system with space-based components. The White House's attempts to sow distrust of the Soviet Union and its policy by way of the distortion of the true state of affairs, the juggling of information and propaganda of inventions concerning the "aggressiveness" of the USSR and the Warsaw Pact countries and the alleged military "lag" of the United States and NATO are cogently exposed. The sides' strategic nuclear arms and medium-range nuclear missiles are objectively compared and the general armed forces of NATO and the Warsaw Pact and their navies are correlated. The wide popularity of this publication, which has become a valuable aid for specialists, lecturers and propagandists, is reason to hope that its print will be increased.

A most notable phenomenon of most recent times has been the United States' abandonment of its past "isolationist" policy and a transition to a policy of global expansion and hegemonism. This has required new conceptual, theoretical approaches and a certain philosophical modification. A description of the main stages of the maturation, elaboration and subsequent detailed exposition of the foreign policy doctrines of American imperialism and their dangerous aggressive essence is the subject of the monograph by A.I. Utkin, "Strategy of Global Expansion. U.S. Foreign Policy Doctrines" (Moscow, "Mezhdunarodnyye otnosheniya", 1986, pp 288). The author consistently examines the particular features of the policy courses of the eight postwar U.S. administrations in relation to the USSR, the socialist countries, the young states and also the United States' allies. Washington's primordial gamble on methods of crude power pressure, international terrorism and unconcealed violence in the hope of achieving world domination is shown.

The growth of the role of the United Nations as a means of countering Washington's imperialist, hegemonist pretensions and its responsibility for the preservation of peace under the conditions of the sharp exacerbation in the 1980's of the international situation are reflected in the work prepared by a group of specialists of the USSR Academy of Sciences IMEMO and the Scientific Council for the Study of Peace and Disarmament, "The United Nations

and Contemporary International Relations" (Doctor of Legal Sciences G.P. Zhukov, executive editor, Moscow, "Nauka", 1986, pp 287). Analyzing the activity of the United Nations in the 1970's and 1980's, the authors reveal its main directions connected with maintaining international peace and security, providing for the cooperation of states with different social systems, preventing armed conflicts and wars and halting the arms race. An important place is assigned a description of the role and the tasks of the organization in the sphere of environmental protection and the peaceful use of space and cooperation with international nongovernment organizations.

The Soviet Union has always regarded the United Nations as an important instrument of the preservation of peace and an authoritative forum for negotiations and discussions on urgent problems of the life of the planet. In the present high complex international situation the USSR continues, as before, to uphold the principles and letter and spirit of the UN Charter and strive for the maximum use of its influence for the purpose of a normalization of the world situation and the prevention of nuclear catastrophe. "The USSR's Struggle in the United Nations for Peace, Security and Cooperation. 1945-1985"--this is the title of a collective monograph of international affairs experts and diplomatic officers (A.A. Gromyko, chief editor; G.M. Korniyenko, deputy chief editor, Moscow, Politizdat, 1986, pp 383). With the enlistment of a vast amount of documentary material the authors examine the role of the Soviet Union in the formation of the United Nations and the development of international, economic, S&T and social cooperation, in the struggle for removal of the threat of nuclear war and for disarmament and against colonialism and in defense of the sovereignty of the emergent countries. A chronology of the USSR's participation in the creation and the activity of the United Nations (1941-1985) is published in the book as an appendix.

The internationalization of economic life began to develop rapidly on a new, socialist basis with the start of the formation of the world socialist system and, in particular, in connection with the creation in 1949 of CEMA. In 1950 even reciprocal commodity turnover was accounting for over half the CEMA countries' foreign trade. Approximately 40 percent of the reciprocal supplies of machinery and equipment are effected on the basis of the international socialist specialization and cooperation of production. Various aspects and directions of the life and mutual relations of this group of states are reflected in the articles of the political-economic reference-dictionary "The Community of CEMA Countries" (second, supplemented, edition. Edited by O.A. Chukanov, Moscow, Politizdat, 1986, pp 190). The book is addressed to the broad readership interested in problems of world socialism, lecturers and propagandists. It provides a comprehensive idea of the manifold tasks of the development of socialist economic integration being tackled jointly by the fraternal countries.

The capitalist monopolies represent a most important component of the system of finance capital. The formation and development of transnational corporations (TNC) are a reflection of important changes in the methods of the domination of the financial oligarchy and also testimony to the new qualitative level of the centralization of capital. The facts testify to the rapid growth of their power and penetration of all the most important spheres

of the capitalist economy. Whereas at the start of the 1970's there were 210 corporations with an annual turnover of more than \$1 billion, at the start of the current decade 380 TNC, each of whose turnover was in excess of \$2 billion, were operating. Diverse information about the most significant 500 industrial and 50 commercial firms is contained in the book "Biggest Industrial and Commercial Monopolies. Economic-Statistical Handbook" (edited by Doctor of Economic Sciences A.N. Pokrovskiy, Moscow, "Mysl", 1986, pp 302). The interested reader is offered detailed information on the structure of the sectors and place and role of individual companies in this sector and country or the other and the capitalist world as a whole and also the main economic indicators: turnover, assets, capital, capital investments, profits, expenditure on R&D and number of employees.

The share of the North European countries in the capitalist world constitutes less than 1 percent of the population and approximately 2.5 percent of industrial production, but approximately 5 percent of exports. There are many similar features in the geographical location and historical and economic development of these states. They represent a developed region, which makes for the expediency of their joint study in A.M. Volkov's book "The North European Countries. Economic-Statistical Reference" (Moscow, "Mysl", 1986, pp 229). With the enlistment of a significant number of various foreign sources the author provides a detailed picture of the economic and social development of Sweden, Norway, Denmark, Finland and Iceland in the postwar years. Grouping factual material per problem, he prefacing each section with an introductory article, which examines the most important changes and indicators in the said sphere and the particular features of the corresponding statistics. In this way the dynamics of the main spheres of the economy, the specific features of the economy of each country and the demographic and socioeconomic situation, including the working people's struggle against exploitation and oppression and for an improvement in their material situation, are described comprehensively.

Among the countries which in recent decades have accumulated a great deal of experience of the economical use of resources is Japan. A thorough consideration of all that is positive which overseas practice could provide in the technical-economic plane is highly useful. Such is not the least goal pursued by B.N. Dobrovinskii's monograph "The Japanese Economy. 1970-1983. Analysis of Efficiency" (Moscow, Glavnaya redaktsiya vostochnoy literatury izdatelstva "Nauka", 1986, pp 208). On the basis of an economo-statistical analysis of the conditions of the development of the country's economy in the period in question the author ascertains the dynamics of the indicators of materials- and capital-intensiveness and expenditure on manpower in various phases of cyclical movement. He studies processes in the sphere of S&T progress and shows how such a high aggregate indicator of national economic efficiency took shape in Japan, paying considerable attention to questions of a procedural nature. An attempt has been made to forecast the dynamics of efficiency through the end of the current decade.

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